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NEW PERSPECTIVES ON MANPOWER PROBLEMS AND MEASURES.
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TWO CHIEF AIMS OF THIS CHAPTER ARE TO TAKE A BROAD NEW LOOK AT THE MAJOR PROBLEM AREAS OF CONCERN TO MANPOWER POLICY AND TO POINT THE WAY TOWARD MORE COMPREHENSIVE AND SENSITIVE MEASURES OF PROGRESS AND PROBLEMS IN THESE AREAS. IN ADDITION TO THE REDUCTION OF JOBLESSNESS AND UNDEREMPLOYMENT, SOME OF THE IMPROTANT AREAS OF MANPOWER CONCERN WHICH REQUIRE BETTER MEASUREMENT ARE (1) THE ADEQUACY OF WORKERS' EARNINGS, INCLUDING MINIMUM WAGE STANDARDS AND ANNUAL EARNINGS, (2) THE CONCEPT OF SUBEMPLOYMENT WHICH IS DESIGNED TO PROVIDE A SUMMARY MEASURE OF THE COMPOUNDED IMPACT OF BOTH UNEMPLOYMENT AND LOW EARNINGS ON THE SAME GROUP OF WORKERS, (3) PROVISIONS FOR INCOME MAINTENANCE WHEN WORKERS ARE INVOLUNTARYILY UNEMPLOYED, DISABLED, OR RETIRED, (4) THE QUALITY OF EMPLOYMENT, INCLUDING PHYSICAL, PSYCHOLOGICAL, AND SOCIAL ASPECTS OF WORK, (5) THE EXTENT OF EQUALITY OF ECONOMIC AND SOCIAL OPPORTUNITY FOR ALL ETHNIC MINORITY GROUPS, AND (6) THE SUCCESS IN MEETING THE MANPOWER REQUIREMENTS OF OUR ECONOMY AND SOCIETY, INCLUDING THE EXTENT AND NATURE OF CURRENT LABOR SHORTAGES AND MANPOER IMBALANCES, PROSPECTIVE MANPOWER REQUIREMENTS, AND THE CHANGES IN RATES OF TRAINING AND JOB MARKET MECHANISMS ESSENTIAL TO MEET MANPOWER DEMANDS. WITH WELL-DEVELOPED MEASUREMENT TECHNIQUES, IT SHOULD BE POSSIBLE, WITHIN A LIMITED AREA, TO PINPOINT PROBLEMS AS THEY EMERGE AND EVEN TO ACHIEVE SOME FORWARNING OF THEM FROM KNOWLEDGE OF HOW EVENTS AFFECT ONE ANOTHER. TO TEST THE VALIDITY AND UTILITY OF EXISTING MEASURES, TO EVOLVE MORE EFFECTIVE ONES, AND TO IDENTIFY AREAS WHERE NEW MEASURES ARE NEEDED WILL BE CONTINUING RESEARCH CHALLENGES IF A SYSTEM OF MANPOWER INDICATORS IS TO BECOME A FRUITFUL REALITY. THIS CHAPTER APPEARS IN "MANPOWER REPORT OF THE PRESIDENT AND REPORT ON MANPOWER REQUIREMENTS, RESOURCES, UTILIZATION, AND TRAINING" (1968) AVAILABLE AS VT 001 025. (ET)

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NEW PERSPECTIVES ON MANPOWER PROBLEMS AND MEASURES

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NEW PERSPECTIVES ON MANPOWER PROBLEMS AND MEASURES

This chapter has two chief aims—to take a broad new look at the major problem areas of concern to manpower policy and to point the way toward more comprehensive and sensitive measures of progress and problems in these areas.

The achievement of high levels of employment was made a national objective more than two decades ago, by the Employment Act of 1946. But it is little more than 5 years since this country undertook an active manpower policy calling for direct, affirmative action to enable the jobless and underemployed to achieve satisfactory employment and, at the same time, to meet employers' needs for workers. Even in these few years it has become apparent that manpower policy must be a broadly conceived, dynamic instrument—concerned with a wide range of shifting and emerging problems—and that assessment of progress in manpower problem areas is therefore a highly complex undertaking, requiring a variety of evolving measures and techniques.

When the first *Manpower Report* was issued in 1963, the overall rate of unemployment was persistently high (5.7 percent that year, on the average). Because of this, the goal of primary concern was necessarily to achieve a more rapid rate of economic and employment growth—through economic and fiscal measures, coupled with training and other manpower measures to overcome the dislocations of workers brought about by technological and other change.

The great expansion in employment and reduction in unemployment achieved during the past 5 years testify to the success of these efforts. But the overall employment gains have also brought into sharper focus the plight of those by-passed by the general prosperity.

As the President said in his message on Manpower delivered to the Congress in January:

> The question for our day is this: In an economy capable of sustaining high employment, how can we assure every American who is willing to work the right to earn a living?

The President then outlined the programs that are being undertaken to enable the hard-core unemployed to enter productive employment (as further discussed in the chapter on New Developments in Manpower Programs later in this report). These programs, and related efforts to meet the training and employment needs of disadvantaged workers with long periods of joblessness, now have top priority among the Nation's manpower programs. Accordingly, if statistics on unemployment and other manpower measures are to serve as indicators of our most urgent present problems, they must now focus on the groups with extended unemployment—how many, who and where they are, and what can be gleaned as to the nature of their problems.

But manpower policy is and must be concerned with more than long-term unemployment. The chronically underemployed—those able to get only part-time jobs or irregular work—are likely to be worse off than many workers with even fairly extended periods of joblessness. And people so discouraged or alienated that they are not even looking for work may well be in the worst situation of all. Both of these groups have a high claim for attention in manpower programs and consequently in factfinding on current manpower problems.

The horizons of concern in manpower policy are much wider than this, however: they must take account of the many-sided significance of work in our economy and society. Work is the generally accepted basis for success and social status, as well as earning a living. The kind of job a worker has and the conditions of his employment greatly affect his and his family's everyday life. And the contribution workers make to the national output of goods and services is a major determinant of economic growth and advances in living standards for the American people.

Thus, a number of broad manpower objectives or problem areas can be identified, in addition to the reduction of joblessness and underemployment. The adequacy of workers' earnings is an area of obvious importance, demanding consideration from many angles—among them, how wages compare with accepted minimum standards, how many workers still have earnings below the poverty line, and whether the trend of earnings provides a rising standard of living or at least keeps up with living costs.

Adequate provision for income maintenance when workers are involuntarily unemployed, disabled, or retired is also an important area. When a worker lacks adequate income protection, a protracted spell of unemployment, a serious accident or illness, or retirement may force not only the worker but also his dependents into poverty.

The quality of employment—physically, psychologically, and socially—is another area that has a crucial relation to worker well-being, and with which manpower policy must be concerned. The same is true of equality of opportunity for education and training, employment, and earnings.

Widening the opportunities and options open to workers and potential workers is still another important and very broad manpower objective, closely related to the quest for equality of opportunity. Pathways to this objective are many—including giving people the opportunity to maximize their abilities through education and training, removing discriminatory and other barriers to mobility and freedom of job choice, and providing more opportunities for meaningful participation in our economy and society (on a volunteer as well as a paid basis and for youth and the old, as well as for people in the middle age groups).

In addition to these objectives, which all bear directly on the welfare of workers and their dependents, manpower policy is concerned with meeting the manpower requirements of our economy and society. Here, the questions in need of assessment include the extent and nature of current labor shortages and manpower imbalances, prospective manpower requirements, and the changes in rates of training and job market mechanisms essential to meet manpower demands.

This chapter explores the critical dimensions of current problems and recent progress in most of these major areas of manpower concern, as indicated by the presently available data. It also makes clear the data gaps and inadequacies that have hampered this assessment and points to needed improvements in factfinding and analysis.

It is fortunate that, in working toward these informational advances, we can build on a system of manpower statistics which is already one of the most advanced in the world. But manpower problems are constantly shifting, and realization of their complexity and of the variety of policies and action programs required to meet them has increased. The related data-collection programs and techniques of assessment should be equally dynamic. One of the chief purposes of this chapter is to point the way in this direction.

Several important areas of manpower concern could not be covered in this initial effort—for example, worker mobility, development of skills and other abilities, and many aspects of working conditions. There is need to move ahead in meeting informational deficiencies in these areas, as well as those discussed below. Furthermore, the development of a comprehensive set of manpower indicators and their use in analyzing—or even ultimately in predicting—manpower problems and program needs should be the long-run goal, as suggested in the concluding section of the chapter.

The framework developed in the chapter will provide a basis for planning the conceptual analysis, factfinding, and research essential to these objectives. The Department of Labor will undertake leadership in this planning, in consultation with other governmental and private organizations concerned with manpower problems and their measurement.

Private research has already made indispensable contributions in many areas. Continued, major contributions from many individuals and private research organizations as well as Government agencies will be essential to meet the needs and realize the potentials for increased knowledge of manpower problems here outlined.

Joblessness and Underemployment

How many American workers have had prolonged periods of unemployment in the last few years of general economic prosperity? For how many is unemployment a recurrent or omnipresent threat? And how many others are chronically underemployed? Who and where are these workers? What progress are we making in reducing their numbers and in mitigating the problems of those most disadvantaged?

To begin developing answers to questions such as these, it is necessary to go behind the overall counts and average rates of unemployment and look at the diverse situations of the different groups of unemployed individuals. Unemployed workers differ not only in the length of time they are out of work but also in their financial needs and responsibilities, work experience, place of residence, education and skills, and other personal attributes which greatly influence their chances of employment.

That unemployment can have devastating consequences is very plain in the case, for example, of laid-off workers who are unable to find new jobs for many weeks or months, especially those with families to support and no savings to draw upon; or of unskilled workers, particularly in urban slums, who can get only brief, temporary jobs, separated by repeated periods of unemployment. On the other hand, for young people who have just finished school and are looking for their first jobs, for women seeking to reenter the labor force, and for workers who quit jobs voluntarily in search of better ones, unemployment may be a transitional experience with relatively little impact on their economic and social situation.

Workers who experience prolonged unemployment—and often need training and other help in obtaining jobs—are the chief focus of concern in manpower programs and in indicators of worker well-being. There are also two other groups who must be considered—people who are working part time or below their skill level, and those who are jobless and want work but are not looking for jobs because they believe none are available to them or because of a variety of remediable difficulties. Since they are not seeking work, people in this situation are not counted as unemployed. But they are likely to be among the most disadvantaged in the country.

Two sets of statistics from the Current Population Survey can be drawn upon as indicators of the impact of joblessness and underemployment. The CPS data most widely quoted in the press are the monthly estimates of unemployment, labor force participation, and other relevant measures for many different population groups. Annual averages of these monthly data indicate, for example, how many and what proportion of workers were unemployed in an average week.

The Current Population Survey is also the source of a different set of measures relating to workers' employment and unemployment experience throughout the calendar year. This work-experience information is collected yearly. It provides estimates of the total number unemployed for as long as a week at any time during the year, not merely the number unemployed in a single week. And it shows the total number of weeks of unemployment experienced by workers during the year, either continuously or in different spells, whereas the monthly data on duration of unemployment show only the number of weeks workers were continuously unemployed up to the time of the survey.

Both sets of data provide important insights into the problems of unemployment and underemployment, and both are drawn upon in the following discussion. The monthly estimates of unemployment have the great advantage of currency and provide valuable items of information not now available from the work-experience data. Nevertheless, these latter data are those which have been found most valuable and have been relied on most heavily in this chapter.

The average monthly unemployment rates do not tell the full story of the impact of unemployment on people. Much more meaningful are the work-experience data on the numbers of workers with many weeks or months of joblessness during the year. These data make plain why the country needs large-scale training and other antipoverty programs aimed at equipping the hard-core unemployed for productive work and aiding their job adjustment.

UNEMPLOYMENT

Over 11 million[1] American workers were jobless and looking for work at some time during the prosperous year 1966. This was almost four times the average number (2.9 million) unemployed in any one week of the year.[2] The total number out of work during 1967 was probably somewhat higher. Great progress in reducing unemployment has been made, however, since 1961, when the current economic upturn began. During that recession year, about 15 million workers had periods of unemployment.

The period without work was short (1 to 4 weeks) for over 45 percent of the workers unemployed in 1966. Presumably, unemployment for many of them was due largely to voluntary job changes, some delay in finding work upon entry or reentry into the labor force, and the usual seasonal layoffs. Many secured jobs without outside help. And for those who sought or needed assistance through manpower programs, this help was limited in most cases to job placement services.

The 3.4 million workers with 5 to 14 weeks of unemployment in 1966 may be regarded as an "in between" group. For many of these workers—as well as for those with still briefer periods without work—unemployment was a transitional experience, often cushioned to some extent by unemployment insurance and other benefits. But this group undoubtedly included many workers for whom unemployment of 14 weeks, or even 5 weeks, had serious financial consequences.

Joblessness had hard and unequivocal implications, however, for the 2.7 million workers who were out of work for 15 or more weeks in 1966—over a fourth of the year. More than 1 million of these workers—in cities, towns, and rural areas across the country—spent half or more of 1966 jobless and looking for work.

These data on the weeks of unemployment workers experienced throughout the year provide by far the best picture of the impact of joblessness on individuals, and of the magnitude of the groups most subject to unemployment and most likely to need training or other manpower services. This is made plain when one compares the figures cited above with those on continuous duration of unemployment from the monthly labor force surveys. About four times as many workers had 5 or more weeks without work during 1966 as is suggested by the monthly data. For the number out of work 15 to 26 weeks, the corresponding ratio was almost 5½ to 1.

Any complacency as to the limited impact of extended unemployment among men in the central age groups, who are generally the most employable and have the heaviest family responsibilities, should be ended by these data. Close to 1.3 million men aged 25 to 44 had 5 or more weeks of unemployment during 1966, almost six times the number (226,000) shown by the monthly surveys. (See table 1.) For men of this age group out of work 15 to 26 weeks, the differential between the two estimates was even greater (more than sevenfold—342,000, compared with 48,000). Clearly, the number of men of prime working age who are severely affected by joblessness is much higher than is indicated by the monthly unemployment data. And, to a lesser degree, the same is true for women.

With respect to the groups most affected by unemployment—the young, the poorly educated, the unskilled, older workers, and minority groups—the unemployment data based on experience during the year as a whole tell roughly the same comparative story as do the monthly estimates. However, the incidence of extended unemployment is shown to be greater in all groups than is suggested by the monthly figures for these groups (which are

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[1] The number of persons who were unemployed for at least 1 week during the year includes persons who looked for work but did not work during the year.

[2] As noted in this report, the definition of unemployment used in the monthly estimates of unemployment was changed somewhat in 1967. A discussion of the principal changes appears in the chapter on Trends in Employment and Unemployment. Data based on the monthly estimates used in the present chapter relate to 1961 and 1966 and do not reflect the new definitions. In those years the unemployed included those persons who did not work at all during the survey week and were looking for work. Also included as unemployed were those who did not work at all during the survey week and (1) who were waiting either to be called back to a job from which they had been laid off or to report to a new wage or salary job scheduled to start within the following 30 days (and were not in school during the survey week), or (2) who would have been looking for work except that they were temporarily ill or believed no work was available in their line of work or in the community.

The definition of unemployment used in the survey of work experience during a year is similar to that used in the monthly estimates prior to 1967, although the data are derived somewhat differently. All persons who worked from 1 to 49 weeks during the year are classified according to the reason describing how they spent most of the weeks in which they did not work. Nonwork activities are categorized as unemployment or layoff from a job, illness or disability (not including paid sick leave), taking care of home or family, going to school, and other activities. A single week during which a person did not work was assigned to only one category, following a system that assigned first priority to unemployment or layoff and otherwise proceeded in the order listed. Persons without work experience in 1966 are classified according to their main reason for not working, based upon replies to a specific question. The reasons enumerated are roughly the same as the categories used for part-year workers.

TABLE 1. RATIO OF UNEMPLOYMENT AS MEASURED BY WORK-EXPERIENCE SURVEY TO AVERAGE OF MONTHLY UNEMPLOYMENT ESTIMATES, BY DURATION CATEGORY, 1966

Age	Men				Women			
	Total, 5 weeks and over	5 to 14 weeks	15 to 26 weeks	27 weeks or more	Total, 5 weeks and over	5 to 14 weeks	15 to 26 weeks	27 weeks or more
Total, 16 years and over	4.6	4.6	5.7	3.1	3.5	2.9	4.8	4.4
16 and 17 years	1.8	1.3	2.1	7.0	1.1	1.0	1.4	1.3
18 and 19 years	3.8	3.3	5.1	4.3	2.7	2.2	4.6	2.9
20 to 24 years	6.6	6.5	6.6	6.8	4.2	3.3	7.1	5.7
25 to 34 years	5.8	6.6	6.9	2.4	3.7	3.1	4.7	5.3
35 to 44 years	5.7	6.4	7.3	2.5	4.1	3.7	4.5	4.6
45 to 64 years	4.6	5.2	6.3	2.5	4.5	3.7	6.1	5.1
65 years and over	2.8	2.1	3.5	3.1	------	------	------	------

NOTE: See footnote 2, p.18, for definitions of these measures.

discussed at length in the chapter on Trends in Employment and Unemployment).

The widely noted 2-to-1 ratio in the extent of unemployment between nonwhite and white workers is borne out once more by these data. About 12 percent of all nonwhite workers had 5 weeks or more of unemployment in 1966, compared with 6 percent of all white workers. Most seriously affected were the nonwhites who were unskilled laborers—1 out of every 5 was unemployed for 5 or more weeks during 1966. (See table 2.)

The major achievements of the past 5 years in reducing unemployment—particularly long-term unemployment—must not be lost sight of, however. Despite very large additions to the work force between 1961 and 1966, the proportion of workers unemployed for 5 or more weeks of the year was cut nearly in half (from 11.6 to 6.4 percent). (See table 3.) The general expansion in employment—aided by training and other programs focused on workers with persistent difficulty in finding jobs—brought an even sharper drop in the proportion of workers unemployed 15 weeks or more (from 6.3 percent in 1961 to 2.8 percent in 1966). The improvement was sharpest in the proportion unemployed 27 weeks or more (which fell from 2.8 to 1 percent). Both white and nonwhite workers benefited from this reduction in extended unemployment.

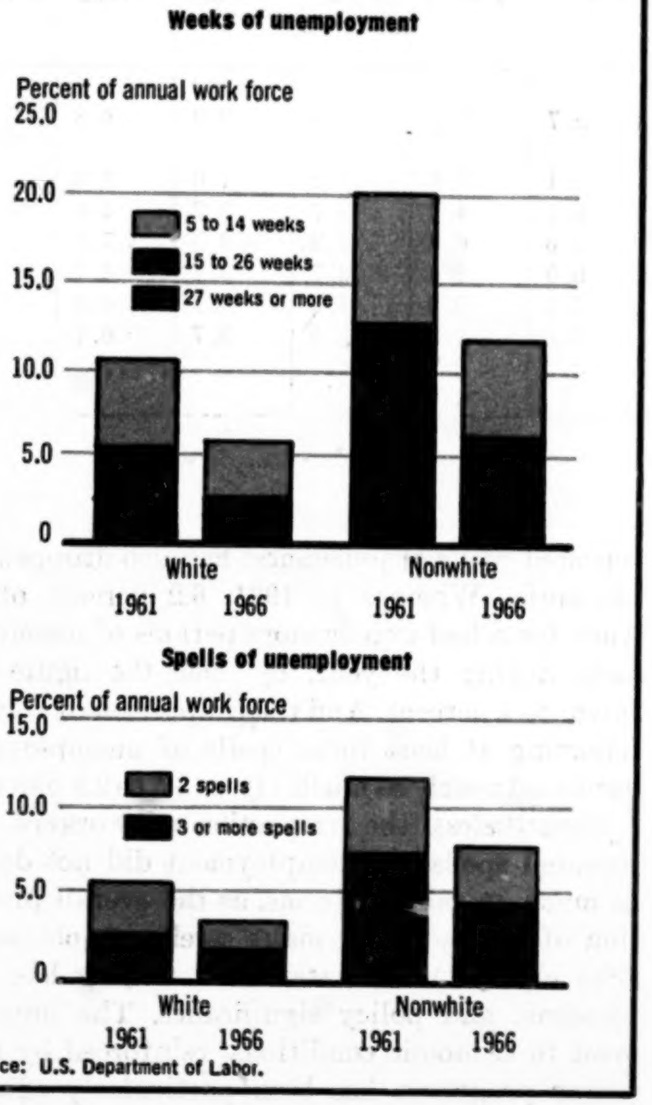
The proportion of workers experiencing repeated spells of joblessness has also dropped significantly. Whereas in 1961, 6.2 percent of the work force had two or more periods of unemployment during the year, by 1966 the figure had fallen to 4 percent. And the proportion of workers reporting at least three spells of unemployment decreased nearly as much (from 3.3 to 2.3 percent).

Nevertheless, the proportion of workers with repeated spells of unemployment did not decline as much, in relative terms, as the overall proportion of workers with many weeks of joblessness. (See chart 1.) This statistical finding has both economic and policy significance. The improvement in economic conditions, reinforced by manpower programs, has been particularly effective in reducing the number of workers continuously unemployed for long periods; it has, for example, made it much easier for displaced workers to find new jobs. But apparently there has been less progress in reducing irregular or casual employment of unskilled workers or, as yet, in mitigating seasonal layoffs.

Most workers who experience extended unemployment are out of work two or more times during the year. Of the men out of work 15 or more weeks in 1966, 7 out of every 10 were unemployed at least twice during the year. Of those with 27 weeks or more of unemployment, also 7 out of 10 had at least two spells of unemployment, and 4 out of every 10 had three or more spells.

CHART 1

Proportion of workers with extended unemployment has declined sharply... proportion with repeated spells of unemployment has dropped much less.



Source: U.S. Department of Labor.

These findings underline the need for enlarged efforts to enable the chronically unemployed to qualify for and obtain jobs that promise continuity of employment. There is also a need to explore ways of helping these workers to keep the jobs they get.

UNDEREMPLOYMENT

Unemployment is but one form—albeit the most extreme—of underutilization of workers. In theory at least, any worker who is functioning at less than his full productive potential may be regarded as underutilized. And in this sense, there are probably very few people who are not underutilized to some extent. Full realization of everyone's maximum potential is an ultimate goal of our democracy, toward which all manpower development efforts are directed. However, a more limited and immediate target is essential to both the development of manpower programs and the assessment of current manpower problems. For present purposes, it is sufficient to consider two types of underemployment.[3]

The first is *part-time employment* of workers desiring full-time jobs, which can be thought of also as part-time unemployment. This is the most easily measurable form of underemployment.

Workers with jobs below their educational or skill level are another significant group of underemployed. Such underemployed workers include, for example, college graduates who have to take relatively low-skilled jobs because of a shortage of suitable employment opportunities or because of discriminatory hiring practices. The laid-off miners who are working as subsistence farmers provide another example. However, the definition and measurement of this group involve difficult theoretical and practical problems. Much further work will be required before the numbers and kinds of workers involved in this waste of skills can be determined.[4]

With respect to *part-time employment*, there are the same two basic sources of data as on unemployment. The monthly labor force surveys yield estimates of the numbers working less than 35 hours in a specified week either voluntarily or for economic reasons, together with a wealth of related information. Relevant data from the annual work-experience surveys are much more meager, but provide estimates of the numbers of workers employed only part time in the majority of weeks when they had any work during the year.

About 2 million workers were on part time for economic reasons in an average week of 1966. The curtailment in employment and earnings opportunity for these workers was sizable. On the average, they were able to get only about 20 hours work per

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[3] *Part-year employment* of people who desire year-round work but are subject to intermittent or seasonal spells of joblessness is sometimes regarded as a third category of underutilization. In the approach used here, however, these people are counted with the unemployed.

[4] One possible approach to measurement of the group is by way of the occupational imbalances between whites and nonwhites at comparable levels of education. (See *1967 Manpower Report*, p. 130.)

TABLE 2. PERCENT OF PERSONS WITH WORK EXPERIENCE WHO HAD SPECIFIED NUMBERS OF WEEKS AND SPELLS OF UNEMPLOYMENT, BY COLOR AND OCCUPATION, 1966[1]

Color and occupation	5 weeks or more	15 weeks or more	27 weeks or more	2 spells or more	3 spells or more
WHITE					
Total	5.7	2.4	0.8	3.5	1.9
Professional and technical workers	2.1	.7	.3	.9	.5
Farmers and farm managers	----	----	----	----	----
Managers, officials, and proprietors	1.8	.6	.2	.7	.4
Clerical workers	4.3	1.7	.6	2.1	.9
Sales workers	4.4	2.1	.9	2.4	1.1
Craftsmen and foremen	7.8	2.8	.6	5.9	3.7
Operatives	9.2	3.9	1.2	5.7	3.0
Private household workers	5.6	2.4	.9	4.3	2.4
Service workers, exc. private household	6.4	3.0	1.3	3.6	1.9
Farm laborers and foremen	6.7	2.9	1.8	4.9	3.3
Nonfarm laborers	13.9	6.7	2.2	9.6	6.3
NONWHITE					
Total	11.7	6.3	2.3	7.8	4.7
Professional and technical workers	----	----	----	----	----
Farmers and farm managers	----	----	----	----	----
Managers, officials, and proprietors	----	----	----	----	----
Clerical workers	7.4	4.8	1.8	4.4	1.7
Sales workers	----	----	----	----	----
Craftsmen and foremen	14.5	9.2	3.0	9.5	7.0
Operatives	14.4	6.6	2.5	8.3	4.8
Private household workers	7.7	4.5	2.2	6.0	3.9
Service workers, exc. private household	12.2	6.8	2.5	7.4	4.3
Farm laborers and foremen	13.0	6.8	2.6	12.6	8.1
Nonfarm laborers	19.4	10.3	3.3	14.6	9.2

[1] Excludes persons who looked for work but who did not work in 1966. The rates would be somewhat higher if they were included.

NOTE: Percent not shown where base is less than 100,000.

week. A bare majority of these workers were usually employed full time but were temporarily on part time, most often because of slack work. However, nearly a million were usually able to obtain only part-time work, for reasons shown by the following figures:

Reasons for part-time work	*Number of workers on part time for economic reasons, 1966* *Total*	 *Usually work full time*	 *Usually work part time*
Total	1,960	1,009	951
Slack work	881	710	171
Material shortages	27	26	1
Repairs	34	34	-------
New job	177	160	17
Job ended	74	62	12
No full-time work available	766	16	750

NOTE: Detail may not add to totals due to rounding.

Most of the workers who normally can get only part-time work are in trade and service industries, including household employment. The majority are women. Among the part-time workers who usually work full time, however, the majority are men, and more of them are in manufacturing than in any other major industry group.[5]

Nonwhite workers are disproportionately affected by part-time employment, as by total unemployment. They are often entrapped in chronic part-time work, mainly in service jobs, as is indicated by the following 1966 figures for workers in nonagricultural industries:

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[5] For more information on part-time workers, see app. tables A-21, A-22, and A-23.

Work schedule	*Percent of workers who were nonwhite*
On full-time schedules	10.2
On part-time for economic reasons:	
Usually worked full time	18.4
Usually worked part time	32.6

To arrive at a satisfactory indicator of employment disadvantage, it is essential to consider the impact of partial unemployment suggested by these figures, as well as total unemployment. Unfortunately, the data on part-time employment in an average week cannot be combined with the even more crucial estimates of the numbers unemployed for more than a specified number of weeks out of the year. The two sets of figures are not comparable and could overlap to a serious extent.

A very rough estimate was arrived at by relating the two sets of data in different, logical ways. This estimate relates to people underemployed in 1966, in the sense that they usually worked part time but wanted full-time employment and had not had a substantial amount of unemployment during the year (5 or more weeks). It appears that the number of underemployed workers, as thus defined, was probably in the neighborhood of 1 to 1½ million.

By definition, the underemployed are a group with limited work opportunity and consequently curtailed income. In all probability, many of the workers included are living in poverty. The wide range of uncertainty as to the size and character of this group is, thus, a major obstacle in assessing the extent of employment hardship. It is one which should be overcome through additional information (as outlined in the later discussion of informational needs).

PEOPLE NOT LOOKING FOR WORK WHO WANT JOBS

Many people who are neither working nor seeking work want and need jobs. Evidence to this effect has accumulated in recent years. For example:

—The proportion of men below normal retirement age who are out of the work force has been rising, especially among nonwhites.

—A high proportion of youth in slum areas who have dropped out of school are neither working nor seeking work.

TABLE 3. PERCENT OF PERSONS WITH WORK EXPERIENCE WHO HAD SPECIFIED NUMBERS OF WEEKS AND SPELLS OF UNEMPLOYMENT, BY SEX AND AGE, 1961 and 1966 [1]

Sex and age	1961 [2]					1966				
	5 weeks or more	15 weeks or more	27 weeks or more	2 spells or more	3 spells or more	5 weeks or more	15 weeks or more	27 weeks or more	2 spells or more	3 spells or more
Both sexes, total	11.6	6.3	2.8	6.2	3.3	6.4	2.8	1.0	4.0	2.3
Men, 16 years and over	13.2	7.0	2.9	7.2	4.0	6.7	2.8	1.0	4.4	2.7
16 and 17 years	7.7	3.7	2.1	4.6	2.1	9.0	4.5	2.2	6.1	4.0
18 to 24 years	22.4	11.3	5.0	12.7	6.1	10.4	4.2	1.3	7.3	4.3
25 to 44 years	13.6	7.0	2.6	7.4	4.3	6.1	2.2	.6	3.9	2.3
45 to 64 years	11.3	6.4	2.7	6.2	3.6	5.7	2.8	1.0	3.7	2.4
65 years and over	6.8	4.6	2.3	4.0	2.9	4.2	2.9	1.5	3.0	1.9
Women, 16 years and over	8.8	5.1	2.4	4.4	2.1	5.9	2.7	1.0	3.2	1.6
16 and 17 years	3.1	2.3	1.1	1.9	.5	5.5	2.0	.5	4.0	2.2
18 to 24 years	13.4	6.9	2.7	7.0	2.9	7.8	3.3	1.1	4.3	2.1
25 to 44 years	9.3	5.4	2.6	4.4	2.2	5.5	2.4	.9	2.7	1.2
45 to 64 years	7.8	4.7	2.4	3.9	2.1	5.3	2.8	1.2	3.1	1.7
65 years and over	---	---	---	---	---	---	---	---	---	---

[1] Excludes persons who looked for work but who did not work. The rates would be somewhat higher if they were included.

[2] Data for 14- and 15-year-olds are included in the 16- and 17-year-old groups and in the totals.

NOTE: Percent not shown where base is less than 100,000.

—Persons with limited education are more likely to be out of the labor force than those with more education.

—A large number of older workers—including many with retirement benefits—both need and wish to continue in paid employment.

—Many women who want to work, either to support themselves and their families or to supplement their husband's income, report that they cannot do so for lack of child-care facilities.

—Illness and disability prevent many persons from working in physically demanding occupations and sometimes keep them from working at any job. Long-term disabilities also tend to discourage persons from even looking for work.

To get more definite information on how many people not in the labor force want to work and the reasons why they are not seeking jobs, the Department of Labor recently made a series of special studies. The most comprehensive of these studies showed that, in September 1966,[6] 5.3 million men and women—1 out of every 10 of those outside the labor force—wanted a job. The other 9 out of 10 said they did not desire a regular job. However, the information obtained from the latter group did not permit probing into the conditions under which they might consider working nor into their possible need for additional income.

When those desiring work were asked why they were not looking for jobs, the reasons most often cited were ill health, school attendance, family responsibilities, or belief that they could not find jobs. (See table 4.) Presumably, the impediments to jobs could be overcome for many of these people by better health care, arrangements for child care, school-work programs, referral to suitable jobs, and other services.

The ¾ million people—over 250,000 men and nearly 500,000 women—who were not looking for work because they believed it would be impossible to find any were the group of probably greatest concern from the viewpoint of manpower policy. Presumably many had given up the search for work after fruitless and discouraging job-finding efforts. In addition, nearly as large a number of women cited inability to arrange for child care as the specific reason why they were not looking for jobs.

It is also significant that close to 400,000 of the group not looking for work because of ill health

TABLE 4. PERSONS NOT IN THE LABOR FORCE WHO WANTED A REGULAR JOB, BY REASON FOR NOT LOOKING FOR WORK, SEPTEMBER 1966

[Numbers in thousands]

Reason	Men		Women	
	Number	Percent distribution	Number	Percent distribution
Total	1, 641	100. 0	3, 651	100. 0
Believes it would be impossible to find work [1]	266	16. 2	488	13. 4
Ill health, physical disability	480	29. 3	598	16. 4
In school	706	43. 0	536	14. 7
Family responsibilities			1, 080	29. 6
Inability to arrange child care			435	11. 9
Miscellaneous personal reasons [2]	144	8. 8	290	7. 9
Expects to be working or seeking work shortly	44	2. 7	226	6. 2

[1] Includes employers think too old (or too young); couldn't find or did not believe any job (or any suitable job) was available; lacks skill, experience, education, or training; no transportation; racial discrimination; language difficulties; and pay too low.

[2] Includes old age or retirement, moving, entering or leaving Armed Forces, death in family, planning to go back to school, and no need to work at present time.

NOTE: Detail may not add to totals due to rounding.

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[6] For a full report on the findings of this survey, see Robert L. Stein, "Reasons for Nonparticipation in the Labor Force," *Monthly Labor Review*, July 1967, pp. 22–27, reprinted as Special Labor Force Report No. 86.

or physical or mental disabilities said they would take part-time or light work if it were available, or said they would seek work when their health improved. However, it is not possible on the basis of the survey data to distinguish clearly between people who could be helped to enter employment and those with serious and uncorrectable handicaps.

Altogether, these data represent a major contribution to knowledge of the people not currently in the labor force who are potential workers. But the number that should be counted as underutilized is still much in doubt.

The gap in the present effort to develop indicators of employment hardship is not as great as might be inferred, however. Many of the 5.3 million people who wanted work but were not looking for it in a particular week of September 1966 had probably sought jobs earlier in the year and then stopped looking—because of discouragement, increasing ill health, return to school, or other reasons.[7] If they actually looked for jobs during 1966, they have, of course, been counted among the unemployed in the figures presented earlier.

Nevertheless, this is still an area of unfortunate doubt and incompleteness in the data on the Nation's underemployed people. It is an area where further factfinding and exploration are much needed.

INFORMATIONAL NEEDS

Geographic Concentrations of Joblessness and Underemployment

The concentration of unemployment and underemployment in urban slums and impoverished rural areas—the places where these problems are known to be most critical—have not been discussed in this chapter. Though plans are far advanced for a new program of studies on employment and unemployment problems in urban slum areas, to be launched by the Department of Labor in 1968, the available statistical information for such areas is still limited, in the main, to a few special surveys conducted in 1966 and reported on in last year's *Manpower Report*.[8] The following chapter on Barriers to Employment of the Disadvantaged summarizes some of the key findings as to the extent of joblessness and underemployment among slum residents.

The more extensive series of surveys, now being developed for slum areas, will provide regular information on employment and related problems in these areas. They will be designed to shed light upon the special employment-connected problems of urban slums and to measure their seriousness and extent. Special efforts will be made to increase understanding of the motivation of slum residents with respect to work and job hunting, training and education, and of the ways in which people in the slums survive economically. The surveys will be highly flexible and will test various approaches aimed at providing new insights into these intricate problems. The findings should provide improved guidelines for manpower programs and policies tailored to the needs of slum residents.

Intensive efforts will also be made in these surveys to obtain information on the characteristics of persons missed in censuses or other household surveys. In the past few years, much attention has been paid to the undercount of the population in census surveys. This undercount is highest (15 to 20 percent) for young nonwhite men, among whom rates of unemployment and underemployment are also extremely high. Limited data suggest that the missed population is typically of a lower socioeconomic group than the population counted. Furthermore, a large proportion of the uncounted population probably lives in urban slums, where census taking is particularly difficult. For these reasons, the new surveys will make special efforts to reach persons who might be missed in regular census surveys.

Strengthening of Annual Work-Experience Data

Information on unemployment throughout the year has great potential value as a measure of the need for manpower policies and programs and a guide in their development. However, the present data have some serious shortcomings. Further work along the following lines would be useful, assuming that it proves to be technically feasible and resources permit its implementation.

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[7] The total number of people in the civilian work force at any time during 1966 was about 11 million larger than the number in the labor force in September. This difference in numbers was certainly accounted for in part by people not counted as workers in September, but still desiring jobs at that time.

[8] See *1967 Manpower Report*, p. 73 ff.

1. In order to have a current measure of annual unemployment, procedures should be developed to make the work-experience survey results available more promptly, and possibly to collect and publish these data quarterly.

2. Because involuntary part-time employment is a serious source of underemployment, efforts should be made to measure the impact on workers of part-time employment for economic reasons during the year as a whole. Information is needed not only on the total numbers of workers affected, but also on the extent of reduction in their working hours and on the duration and recurrence of their involuntary part-time employment.

3. Special cross tabulations of work-experience data with monthly labor force data could shed more light upon the reasons why persons are unemployed or not in the work force.

4. Information on the number of persons who look for a job—presumably a better job, or at least a different one—while they are employed would help to guide placement and training programs. No information is now available on this point.

5. Information on the duration of the longest spell of unemployment experienced by workers unemployed at any time during the year would help in assessing the significance and incidence of long-duration unemployment.

6. As a measure of the total need for job-finding efforts and of programs to help workers hold jobs, more information should be developed on spells of unemployment, cross classified by the total number of weeks of unemployment workers had during the year and by various personal characteristics.

7. Although inadequate training and education are clearly related to the incidence of unemployment, further investigation is needed to indicate the effects of these factors on the extent of unemployment throughout the year.

Adequacy of Workers' Earnings

The dramatic rise in the average earnings of American workers is one of this country's proud achievements. There is general recognition that workers' earnings must, at minimum, keep pace with living costs and that national gains in productivity should be reflected fully in workers' rising standard of living.

The elimination of substandard wages is also an accepted national goal—and has been for 30 years, since the enactment of the Fair Labor Standards Act of 1938 (FLSA). Successive amendments to the act, culminating in those of 1966, have extended its minimum wage provisions to a larger and larger proportion of the work force and have raised the specified minimums to progressively higher levels (in dollars, if not always in terms of purchasing power). State minimum wage laws also reflect public recognition, extending many years back, of the need to protect workers against substandard wage rates.

The growing concern with inadequate annual earnings is more recent. It can be traced to the Nation's explicit commitment to eliminate poverty. Although the reduction of unemployment is an integral part of the antipoverty programs, there is realization that year-round employment of a family's chief breadwinner provides no guarantee of an annual income above the poverty threshold. In 1966, for example, nearly one-third of the Nation's poor families were headed by workers employed all year but at inadequate wages. It is hoped that the improvements in minimum wage standards under recent amendments to the FLSA will help, over the next several years, to raise wages for many of the working poor. But more extensive measures—for example, training to increase their productivity or some form of income supplements—may well be required to lift other workers in this group above the poverty level.

Another reason why the spotlight is turning more and more on the adequacy of workers' earnings is concern with inequality of income. The conviction is growing that social unrest in urban ghettos may reflect dissatisfaction with the disparity between the impoverished and the affluent, as much as with the low level of living endured by slum-dwellers. Thus, knowledge about earnings is essential in evaluating the position of workers in the American economy and society. And while the first concern of manpower policy is to eliminate unemployment, a closely related concern is that those who work shall share in the national prosperity.

Accordingly, this discussion of the adequacy of workers' earnings has two focuses. It considers, first, the recent and impending improvements in minimum wage standards under the FLSA and the numbers of workers still receiving lower hourly wages. The main discussion, however, is concerned with annual earnings—and particularly with the magnitude of the low-earner problem still existing among workers with year-round, full-time employment, despite a major reduction in the extent of low earnings since the early 1960's.

MINIMUM WAGE STANDARDS

Minimum wage standards, at both the Federal and State levels, have helped increasingly to establish a floor under workers' wages. The Fair Labor Standards Act—the Federal minimum wage law—establishes minimum wage protection for workers engaged in interstate commerce or in the production of goods for interstate commerce and for employees of certain enterprises which are so engaged.

This law aims to establish a minimum standard of wages necessary for the health, efficiency, and general well-being of workers without substantially curtailing employment or earning power. The 1966 amendments to the FLSA, which became effective on February 1, 1967, broadly expanded its protections. They raised the minimum wage significantly and extended coverage to many more workers.

Between 1938, when the law was passed, and the enactment of the 1966 amendments, the level of the minimum wage was increased three times and the basic coverage of the act expanded only once. The 1966 amendments have accomplished the most far-reaching improvements since 1938 in Federal wage and hours standards, and represent a big step toward the act's goal of eliminating substandard labor conditions. When signing these amendments, the President pointed out that "The new minimum wage . . . will not support a very big family, but it will bring workers and their families a little bit above the poverty line."

TABLE 5. ESTIMATED NUMBER OF PRIVATE NONSUPERVISORY EMPLOYEES EARNING LESS THAN SPECIFIED CASH WAGES PER HOUR, BY INDUSTRY, FEBRUARY 1968

[Numbers in thousands]

Industry	Total number of nonsupervisory employees	Employees earning cash wages of less than:							
		$1.60		$1.30		$1.15		$1.00	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total [1]	51, 866	10, 123	19. 5	7, 302	14. 1	4, 663	9. 0	3, 422	6. 6
Agriculture, forestry, and fisheries	1, 513	1, 154	76. 3	828	54. 7	509	33. 6	281	18. 6
Retail trade (including eating and drinking places)	9, 150	3, 278	35. 8	2, 040	22. 3	1, 094	12. 0	553	6. 0
Service	7, 589	3, 259	42. 9	2, 185	28. 8	1, 056	13. 9	647	8. 5
Domestic service	2, 223	2, 045	92. 0	2, 005	90. 2	1, 925	86. 6	1, 912	86. 0
All other	31, 391	387	1. 2	244	. 8	79	. 3	29	. 1

[1] Excludes executive, administrative, and professional employees.

About 33 million of the 51.9 million nonsupervisory workers in private employment were subject to a minimum wage under the FLSA prior to the amendments. For these workers, the amendments raised the specified minimum from the previous $1.25 an hour to $1.40 effective February 1, 1967, and $1.60 on February 1, 1968.

Over 9.7 million additional workers were given protection by the amendments, including some for whom this protection will not become effective until 1969. More than 2.6 million of the newly covered workers are employed by Federal, State, and local governments. For most newly covered workers the minimum wage became $1 an hour on February 1, 1967, and $1.15 on February 1, 1968, with an additional increase to $1.30 scheduled for early 1969. For newly covered workers in nonfarm jobs (though not those in agriculture) the minimum will go still higher in following years, reaching $1.60 on February 1, 1971.

How many workers in this country still earn less than $1.60 an hour? It is estimated that about 10 million—or 1 out of every 5 nonsupervisory workers in private employment—received less than $1.60 in cash wages in February 1968. Most of these workers are in agriculture, retail trade, and the services, particularly domestic service. (See table 5.) Included are a good many workers newly covered by the FLSA—who must be paid at least $1.60 within 3 years, if they are in nonfarm jobs—as well as workers not covered by the act.

While the FLSA provides the basic wage protection in this country, 36 States, the District of Columbia, and Puerto Rico have operative minimum wage laws or orders, some of which supplement the Federal minimum wage. It is estimated that as of early 1968, nearly 3.5 million workers not covered by the FLSA—mostly in retail trade and service industries—were subject to State minimum wage requirements. In five States and Puerto Rico the minimum rate in effect in February 1968 was $1.60 or more an hour.

Nearly 8.3 million workers in private employment are still unprotected by either Federal or State minimum wage requirements, however. Of this group, some 2 million work in retail trade, 2.2 million in domestic service, 1.3 million in other services, and about 900,000 in agriculture.

These fields of employment—above all, domestic service and agriculture—are where the problem of low hourly wages is most widespread and most severe. More than 4 out of every 5 workers in domestic service, and nearly 1 out of every 5 in agriculture, have money wages of under $1 an hour (though wages in kind may compensate in part for these extremely low rates).

Information is not available, however, on the personal characteristics or the family responsibilities of these workers. In order to evaluate the significance for them of low hourly wages, it would be desirable to know, for example, how many are youth still in school, retired or handicapped workers, or secondary wage earners, as well as the numbers who must support not only themselves but also dependents on the basis of their meager wages.

ANNUAL EARNINGS

Trends in Earnings

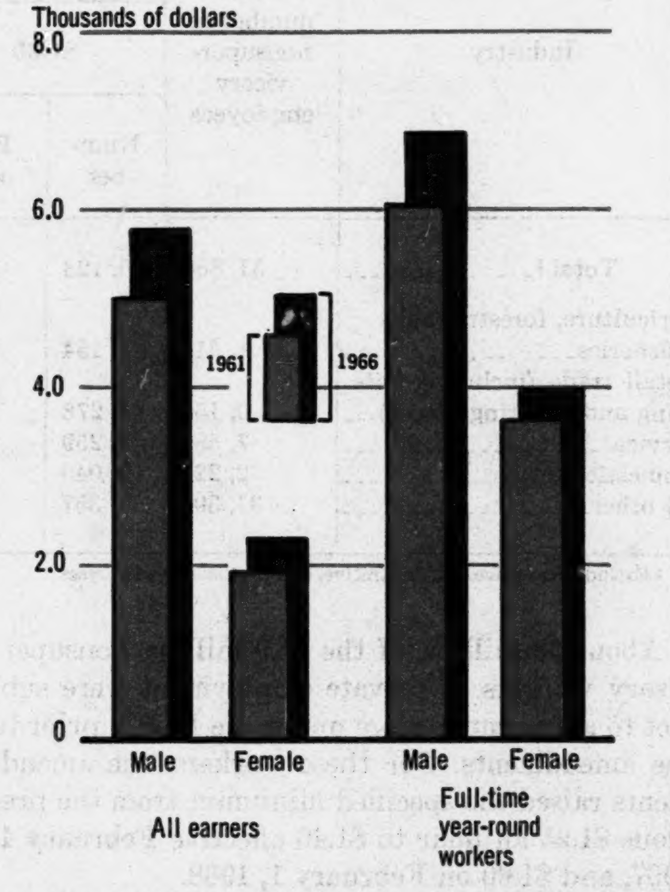
Gains in real yearly earnings (money earnings adjusted for price changes) have been sharp and unremitting in this country since before World War II. In little more than two and a half decades, white male wage earners have increased their median annual wage income by 2½ times—from $2,600 in 1939 to $6,500 in 1966.[9] White women workers nearly doubled their incomes—from $1,580 to $3,100—during the same period. For nonwhite men the dollar gain was far less—from $1,050 to $3,850—though their relative position improved substantially. And the same general findings apply to nonwhite women, whose average earnings went from $575 to $2,000.

These long-term gains reflect the ending of the great depression of the 1930's, the impact of World War II in stimulating employment, and postwar economic growth and rising wage levels. Moreover, the trend in earnings has continued strongly upward in recent years, as shown by data for the 5-year period from 1961, when the current economic upturn began, to 1966, the latest year for which figures are available.

American workers, both men and women, achieved significant increases in average earnings in these 5 years—from $5,000 to $5,800 for men and from $1,900 to $2,250 for women. (See chart 2.) These figures include workers in the labor force only part time or part year, as well as full-time workers. If the frame of reference is shifted from all earners to male year-round, full-time workers only (nearly all of whom are household heads), the average earnings level is substantially higher, but the rate of gain in earnings remains about the same. Average earnings[10] for this group advanced from $6,050 in 1961 to $6,850 in 1966.

CHART 2

Earnings of workers increased sharply between 1961 and 1966.



Source: U.S. Department of Labor, based on data from U.S. Department of Commerce.

Of the 35.5 million men employed full time throughout 1966, 9 percent (3.2 million) earned less than $3,000. However, both the number and proportion of steadily employed men with earnings as low as this were substantially less than in 1961—a sign of continuing progress in eliminating substandard earnings as a factor in poverty.

Accompanying this decrease in the incidence of low earnings was a decided increase in the proportion of workers earning more than $10,000 a year. The persistent improvement in both these dimensions of earnings is shown by the following figures for male year-round, full-time workers:

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[9] All annual income and earnings data in this chapter are in "constant" 1966 dollars—that is, price increases since the earlier years are accounted for by converting the earnings figures to their 1966 purchasing power.

[10] Unless otherwise specified, the discussion that follows relates to total earnings from all sources during the calendar year—wage and salary income from all jobs as well as all farm and nonfarm self-employment income. For a full explanation of the earnings data, see the report *Income in 1966 of Families and Persons in the United States* (Washington: U.S. Department of Commerce, Bureau of the Census, December 28, 1967), Current Population Reports Series P–60, No. 53.

Year	*Percent who earned—*	
	Under $3,000	*$10,000 or over*
1956	16. 1	9. 7
1961	13. 2	16. 0
1966	8. 9	20. 1

A different conclusion is arrived at, however, if progress is measured in terms of the distribution of earnings. In 1956, 1961, and also 1966, the highest paid 20 percent of all male year-round, full-time workers received 40 percent of the aggregate earnings received by such workers, whereas the lowest paid 20 percent received only about 7 percent. Though earnings have risen in absolute terms for workers at both ends of the earnings scale, there has been no improvement in the relative share received by the lowest paid fifth of all male year-round, full-time workers. In fact, the disparity between the lowest and highest paid groups has grown in dollars, though not in relative terms. (See table 6.) In other words, the gains have been proportionately distributed among workers at all earnings levels, so that there has been no lessening of the inequities in the distribution.

TABLE 6. EARNINGS OF MEN WHO WORKED YEAR ROUND, FULL TIME, 1956, 1961, AND 1966 [1]

Item	1956	1961	1966
20 percent earned more than	$7, 541	$8, 640	$10, 002
20 percent earned less than	3, 388	3, 819	4, 417
Ratio	2. 23	2. 26	2. 26

[1] Earnings for 1956 and 1961 are adjusted for price changes to 1966.

Problems in Defining Low Earnings

The large numbers of workers who still have substandard earnings—defined for the purposes of this analysis as an earned income below $3,000 a year—are the focus of concern in the rest of this earnings discussion. Workers employed year round at full-time jobs who still make less than $3,000 are the group mainly discussed.

It should be clearly recognized that—while establishing a cutoff below which earnings might be designated as unacceptable, substandard, or inadequate—this $3,000 definition does not allow for the fact that a fixed amount of purchasing power may not go as far toward providing a generally acceptable standard of living as it might have years ago. As a Nation, we are more affluent and our values with respect to the definition of "necessities" have changed.

One indicator of the persistently changing concept of a comfortable level of living in this country is provided by the City Worker's Family Budget published by the Department of Labor. The third major revision of this budget published in 1966 differs significantly from earlier estimates. Expenditure patterns of a family seeking to maintain a moderate level of living in 1966 reflect differences in the quality and quantity of goods and services and include many items not previously considered.

The estimated annual cost of a moderate living standard for a well-established family of four was $9,200 in urban areas of the United States as of autumn 1966, reflecting a 24-percent rise in living standards from 7 years earlier.[11] The $3,000 low earnings figure used in this chapter represented only a third of the BLS moderate living standard in 1966, compared with about two-fifths in 1959. This change suggests a significant worsening of the relative position of the low earner in this country.

Perspective on the relative situation of men who earn less than $3,000 can be gained also by comparison with the median earnings for all male year-round, full-time workers. In 1961, median earnings for steadily employed males were $6,050 (in 1966 dollars) compared with $6,850 in 1966 as noted above. Although the number of regularly employed men with substandard (i.e., below $3,000) earnings fell by 1 million over the 5-year period, workers who remained in this group fared worse relative to the average steadily employed American male in 1966 than they did in 1961.

Although low earnings of family heads are an important cause of poverty, it should be noted that the $3,000 cutoff is not designed as a measure of poverty. It takes no account of supplementary sources of income or of variable family needs. Rather, it reflects the progress made so far in establishing a national standard regarding the minimum acceptable rewards for work, as expressed in the national minimum wage law. A worker paid for 50 weeks of work, averaging 40 hours each, at $1.60 an hour (the general FLSA minimum standard) would earn $3,200 for the year. In all likelihood, annual earnings of $3,200 in 1968 will have about the same purchasing power as $3,000 did in 1966, due to the steady upward trend in prices.

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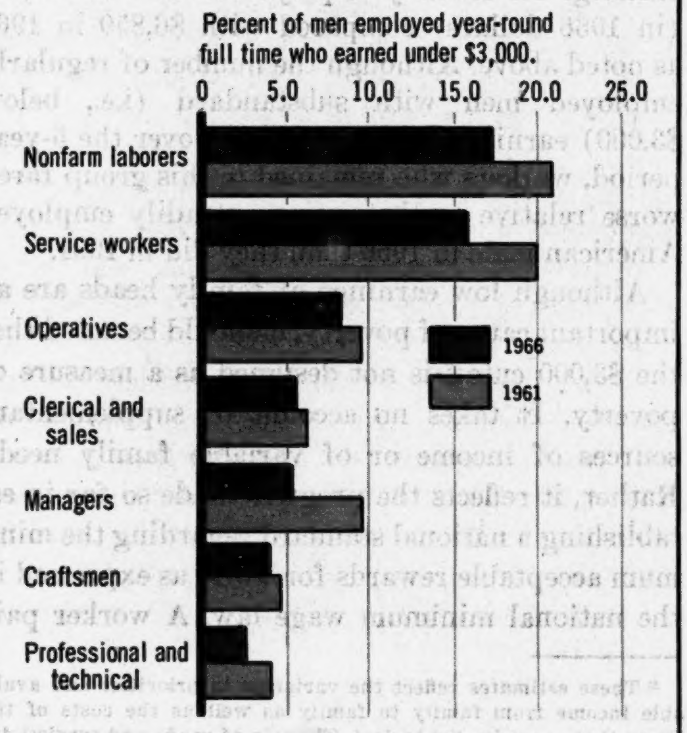
[11] These estimates reflect the variation in priorities and available income from family to family as well as the costs of the items that comprise the budget. The mix of goods and services included in the total varies over time and from family to family. See *City Worker's Family Budget* (Washington: U.S. Department of Labor, Bureau of Labor Statistics, 1966), BLS Bulletin No. 1570–1.

In this discussion, the $3,000 cutoff is applied to all workers regardless of family status, although substandard earnings of family heads inevitably represent a more serious social problem and therefore should perhaps receive highest priority in program planning. For this reason, the focus of the discussion is on male earners, nearly all of whom are family heads or, in a small proportion of cases, individuals living by themselves.

It is important to keep in mind that the earnings figures do not represent take-home pay, since they reflect gross income before taxes or any other deductions. Neither do they reflect earnings in kind, nor the value of non-money benefits derived from community services or from the employer-employee relationship. Many American workers have received increasingly numerous and liberal fringe benefits—paid vacations and holidays, supplemental unemployment benefits, health insurance, and so forth. The available data do not permit taking account of such benefits in any systematic way. In general, however, the workers with the lowest money earnings are those least likely to have substantial fringe benefits. And they are all too often hampered in making effective use of their limited incomes by obstacles such as inability to get credit or credit gouging, the high prices and low quality of goods frequently found in slum area stores, and lack of knowledge of good purchasing methods.

CHART 3

Proportion of men with low earnings has dropped at all occupational levels.



Note: Nonfarm occupations only.

Source: U.S. Department of Labor, based on data from the U.S. Department of Commerce.

Beyond question, a man trying to support a family in an urban area in the 1960's has had and will continue to have a very difficult time managing on money earnings under $3,000 a year. Assuming that a man should be able to support his family by his own earnings—without having to rely on the earnings of his wife or children or on other sources of income such as public assistance—it is relevant to point out that $3,000 in earned income is not enough to keep any urban family of four or more above the poverty level.[12]

Characteristics of Low Earners

Low cash earnings are most prevalent among farmers and farm laborers. Farmworkers accounted for about 3 out of every 10 low earners (annual earnings under $3,000) among male year-round, full-time workers in 1966. However, farmers and farmworkers often receive income in kind, which supplements their low money earnings to some small extent.

The incidence of low earnings among "fully employed" farmworkers, although extremely high in 1966, represented a striking improvement since 1961. The proportion making less than $3,000 dropped from 62 to 47 percent during these 5 years.

The extensive migration from farm to nonfarm areas helped to reduce the incidence of low earnings among farmworkers, because of the heavy representation of the lowest earners among the migrants. At the same time, there was definite improvement in the earnings of workers who remained on the farm and had full-time work all year.[13] Over the 5-year period, median earnings

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[12] See *Who Was Poor in 1966* (Washington: U.S. Department of Health, Education, and Welfare, Social Security Administration, December 6, 1967), Research and Statistics Note No. 23, table 1.

[13] Occupation, industry, and class of worker (i.e., wage and salary worker or self-employed) relate to the longest job held during the calendar year.

TABLE 7. PERCENT OF YEAR-ROUND, FULL-TIME EMPLOYED MEN WHO EARNED LESS THAN $3,000, BY INDUSTRY AND CLASS OF WORKER, 1961 AND 1966 [1]

Industry and class of worker	1961	1966
Total	13.2	8.9
Agriculture	60.0	45.1
Wage and salary workers	57.8	49.3
Self-employed	58.2	43.5
Nonagricultural industries	8.6	6.6
Wage and salary workers	7.1	5.9
Mining, forestry, fisheries	5.5	5.5
Construction	11.5	7.3
Manufacturing	4.2	4.3
Transportation and public utilities	3.7	3.7
Wholesale and retail trade	12.4	9.4
Finance and service	10.6	8.8
Public administration	3.7	2.5
Self-employed	18.6	13.7

[1] For comparability, 1961 earnings figures are adjusted to reflect price changes between 1961 and 1966.

for farmers and farm managers went up by $1,200; for farm laborers, by $350.[14]

It must be borne in mind that these data relate only to year-round, full-time workers, and that intermittency of employment is a particularly severe and prevalent problem among farmworkers. In 1966, only 34 percent of the men whose longest job was as a farm laborer or foreman worked full time the year round, compared with an average of 70 percent for all occupational groups. Comprehensive data on yearly earnings are not yet available, however, for either farm or nonfarm workers employed only part of the year.

In most nonfarm occupation groups also, the proportion of low earners declined over the past 5 years. But occupational differences in the incidence of low earnings remained about constant. (See chart 3.)

All major industry groups made progress between 1961 and 1966 in reducing their low-earners ratios. Particularly marked improvements were recorded for trade and services. This was probably due in part to increased minimum wage coverage in trade and service establishments. As of 1966, however, low earners still represented a considerably larger proportion of the wage and salary work force in trade and services than in all nonagricultural industries. (See table 7.)

In general, the proportion of low earners differed rather moderately among the major nonfarm industry divisions, probably reflecting, for the most part, industry differences in the proportion of low-skilled workers employed. In agriculture, the proportion of low earners was much higher than in any other industry, both among self-employed farmers (44 percent) and among wage and salary workers in full-time, year-round jobs on farms (49 percent). The problems of underemployment and poverty are extreme for many farmers as well as farm laborers.[15] And they contribute heavily to the total problem of low earnings among American workers.

Nonwhite Workers

One-fourth of the nonwhite men who worked the whole year were low earners, compared with 7 percent of the whites. Almost universally—occupation by occupation and industry by industry—steadily employed nonwhite men experienced a higher incidence of low earnings than did whites.

Differential earnings by occupational group were marked. In every occupational category, nonwhite men had a much higher incidence of low earnings than did white men. Furthermore, the concentration of nonwhites in such low-paying occupations as service jobs and unskilled labor accounts, in part, for the large overall discrepancy in earnings between white and nonwhite workers. For example, 15 percent of all nonwhite men employed all year were nonfarm laborers, as opposed to 4 percent of the white men. (See table 8.)

If nonwhite workers could move up the occupational ladder, their earnings position would of course be improved. However, the income gains would probably be smaller for them than for white men making similar occupational progress. It has been estimated (on the basis of 1966 occupational earnings) that the low-earner rate for nonwhites would still be about three times that for whites, even with the differences in occupational distribution eliminated at the major group level.

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[14] It is possible to calculate roughly the relative influence of the decrease in the farm labor force (through out-migration or shifts to nonfarm activity) as opposed to the drop in the incidence of low earnings by applying the 1961 incidence of low earnings to the 1966 farm labor force. If the 1961 incidence of low earnings still prevailed in 1966, there would have been 1.2 million low earners in 1966, compared with the 1.6 million there were in 1961. The difference between these two groups of low earners—nearly 500,000 workers—is that part of the drop in low earners that could be attributed to the decrease in the full-time, year-round farm labor force. The remaining differences between the low earners at the 1961 rate and the actual number of low earners in 1966—300,000 workers—is that part of the overall 1961 to 1966 decrease that could be attributed to the decrease in the incidence of low earnings among year-round, full-time farmworkers.

[15] For a further discussion of the problem of rural poverty, see *The People Left Behind* (Washington: President's National Advisory Commission on Rural Poverty, September 1967).

Differential earnings between whites and nonwhites were equally marked on an industry basis. The only nonagricultural industry where nonwhite wage and salary workers earning below $3,000 for the year constituted less than one-tenth of total nonwhite employment was public administration. Among white nonagricultural wage and salary workers, however, the highest incidence of low earners was 7 percent—in trade and services. The differentials in low earnings between whites and nonwhites in the major industrial sectors are shown in table 9. It is clear that nonwhites experience a share in substandard earnings that far outweighs their share in total employment in all major branches of private industry.

These figures show that steps to reduce poverty for nonwhite people must go beyond providing jobs for the unemployed or those not in the work force, beyond eradicating involuntary part-year or part-time work, and even beyond providing jobs in higher skill, higher paying occupations. In addition to these important measures, discriminatory pay scales and hiring practices must be eliminated, and the worker's earnings potential must be upgraded through better training, promotion opportunities and more job security.

Low Earnings Among Women

If $3,000 is considered to be a cutoff for substandard earnings—that is, an inadequate return for a whole year of full-time labor—women who worked all year in 1966 were in a much less satisfactory position than men. More than 1 in 4 of the fully employed women received less than $3,000, compared with fewer than 1 in 10 of the men. Half of the women who worked all year received $3,950 or less, while the median earnings level for the men was $6,850.

TABLE 8. OCCUPATIONAL DISTRIBUTION OF YEAR-ROUND, FULL-TIME EMPLOYED MEN AND THOSE WHO EARNED LESS THAN $3,000, BY COLOR, 1966

[Percent distribution]

Occupation	White		Nonwhite	
	Total employed	Low earners	Total employed	Low earners
Total	100.0	100.0	100.0	100.0
White-collar workers	44.9	26.4	21.0	10.1
Professional and technical workers	15.0	5.7	7.2	1.7
Managers, officials, and proprietors	16.8	11.2	4.2	2.9
Clerical workers	7.4	5.2	7.6	4.0
Sales workers	5.7	4.3	2.0	1.5
Blue-collar workers	44.1	32.5	56.2	49.8
Craftsmen and foremen	21.5	9.7	12.9	7.7
Operatives	18.8	16.4	28.5	24.5
Nonfarm laborers	3.8	6.4	14.8	17.6
Service workers	5.4	7.8	17.1	22.8
Farmworkers	5.6	33.1	5.6	17.2

NOTE: Detail may not add to totals due to rounding.

TABLE 9. YEAR-ROUND, FULL-TIME EMPLOYED MEN WHO EARNED BELOW $3,000, BY COLOR, FOR SELECTED INDUSTRIES, 1966

[Numbers in thousands]

Industry	Number of white low earners	As a percent of all whites employed	Number of nonwhite low earners	As a percent of all non-whites employed
Construction	111	5	53	27
Manufacturing	348	3	160	16
Trade	300	7	160	36
Service industries	322	7	147	25

Only about 12 percent of the women who work continuously throughout the year are family heads. It is sometimes argued, therefore, that low earnings may not produce as much hardship for women workers and their families as they do for men. However, the earnings of women who are secondary wage earners are often essential to keep their families out of poverty. And for women who are family heads, their generally limited earnings may be a source of acute deprivation.

Fortunately, women have shared somewhat in the recent improvements in earnings. The number of women year-round, full-time workers earning less than $3,000 declined very little between 1961 and 1966 (from 3.7 to 3.6 million). But during the same period, the total number of women working full time all year rose by 3.7 million; so even a small decrease in the low-earner group represented a significant relative gain. The incidence of low earnings among women was reduced in all occupations except private household work, where the low-earner ratio rose slightly.

The continued large numbers of women in low-paid service occupations are a major factor contributing to the high proportion of women workers in the low-earnings category. However, increases in substandard wage rates will be mandatory over the next several years for some service workers outside private households, as well as many in trade and certain other fields, under the 1966 amendments to the Fair Labor Standards Act (as discussed earlier). The prohibition of wage and other discrimination in employment under the Equal Opportunity Act also applies to women and should help progressively to open opportunities for them in better paying jobs.

INFORMATIONAL NEEDS

1. As suggested in the discussion of minimum wage standards, more information is needed on the socioeconomic characteristics of low-wage workers—both those outside the scope of the Fair Labor Standards Act and those covered by the law but paid no more than the minimum wage. Information on the age, sex, color, marital status, and number of dependents of low-wage workers, as well as their occupations and training, is essential to policy planning. Explorations are in process of the various possible ways of obtaining information for these workers.

2. The lack of satisfactory earnings information for part-year and part-time workers has significantly limited the foregoing discussion of the adequacy of earnings. Some suggestions for meeting this need by expanded tabulations of existing statistics are included in the following section on Strengthening the Sub-Employment Data. In addition, regular collection of weekly earnings data is needed in connection with the Current Population Survey, to provide a direct measure of earnings levels for all workers which can be related to their personal and economic characteristics.

3. Although fringe benefits are known to be an important earnings supplement for many workers, no comprehensive data are available as to their nature or extent or the characteristics and money earnings of the workers who do and do not receive them. The feasibility of obtaining information on these benefits from household surveys and other sources, such as the present system of payroll reports from employers, should be explored.

The Concept of Sub-Employment

An initial effort to estimate the total impact of joblessness and inadequate earnings on workers in urban slums, through a combined sub-employment rate, was reported on in last year's *Manpower Report*. In 10 slum areas surveyed by the Department of Labor in October 1966, the average rate of sub-employment was found to be about one-third. In other words, 1 out of every 3 slum residents who were already workers, or should and could become workers with suitable help, was either jobless or earning only substandard wages.

This rough estimate represented a first exploratory approach to overall measurement of the problems of unemployment and hardship in some of the worst and poorest city slums. The new series of urban employment surveys, to be launched by the Department in 1968, will carry forward this effort to study sub-employment in slum areas where the problem is most extreme. What is reported on here is an initial step toward development of a sub-employment measure on a national basis.

The concept of sub-employment reflects the judgment that workers with low earnings may have problems of as much concern from the viewpoint of manpower policy as those of many workers with substantial unemployment. The purpose of analyzing low earnings in conjunction with unemployment is not to equate the two, since they represent very different problems that will yield to very different solutions. Rather, the concept of sub-employment is designed to provide a summary measure of the total problem of unemployment and low earnings, its compounded impact on the same disadvantaged groups, and its effects in preventing several million workers and their families from sharing in the Nation's economic prosperity.[16]

In working toward a national sub-employment indicator, unemployment has been measured in terms of the worker's experience during an entire calendar year, and the earnings data utilized are annual earnings for year-round, full-time employment (as discussed in the preceding sections on Unemployment and Adequacy of Workers' Earnings). Thus, the indicator measures sub-employment on an annual basis—a considerably different measure from the sub-employment rate in a specific week arrived at last year for workers in urban slums.[17]

The new sub-employment measure includes two clearly defined and distinct groups—workers unemployed 15 or more weeks during the year and those who made less than $3,000 for year-round, full-time work (taken as a proportion of the entire labor force with a week or more of work experience during the year).

This measure is a very conservative one, focused on the most serious problems of unemployment and low earnings. The use of annual income data for full-time, year-round workers omits many whose weekly or hourly rates are inadequate. Similarly, the exclusion of persons who had fewer than 15 weeks of unemployment understates that problem. Many workers with low earnings and no savings can be severely affected by any unemployment, and those who have almost 15 weeks of unemployment are certain to be seriously affected. The present measure of sub-employment also excludes persons who work part time involuntarily in many weeks of the year as well as those who have looked for jobs for as long as 15 weeks and then become discouraged and stop looking. Furthermore, no allowance is made for the incomplete coverage of the population (the so-called census undercount) which is probably largest among the most disadvantaged groups.

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[16] It should be pointed out that the tools for creating a crude concept of sub-employment have been available for several years; data on annual earnings of year-round workers, and on the employment and unemployment experience of workers on a calendar year basis, have been available since 1956 for men and since 1960 for women. This is the first time, however, that the two sets of data have been brought together in a single, comprehensive measure.

[17] The unemployment component of the 1967 sub-employment rate for slum areas represented the number of persons unemployed in a particular week of the year regardless of their duration of unemployment. The measure described here includes all persons—and only those—who were unemployed 15 or more weeks during the year. Similarly, the earnings component of the 1967 index was based on weekly earnings below a specified minimum, whereas the present measure is an annual one.

In addition, the 1967 index included the following components:

1. Persons working only part time though they wanted full-time work;
2. Half the number of "nonparticipants" among men aged 20 to 64 (on the assumption that the other half are not potential workers, chiefly because of physical or mental disabilities or severe personal problems); and
3. An estimate of the male "undercount" group (based on the assumption that the number of men in the area should bear the same relation to the number of women that exists in the population generally; also that half of the unfound men are in the four groups of sub-employed people just listed. See *1967 Manpower Report*, pp. 74–75.

Many of the persons in these categories are also included this year, though not specifically identified. For example, some reported last year as involuntary part-time workers or as persons outside the work force who wanted to work may have had 15 or more weeks of unemployment during 1967.

The preceding sections on Joblessness and Underemployment and the Adequacy of Workers' Earnings discuss the available evidence as to the importance of these omitted groups. Although limitations of the data did not permit their inclusion in the sub-employment measure at this time, the new index provides a base on which a still more comprehensive measure can be built when the needed figures become available.

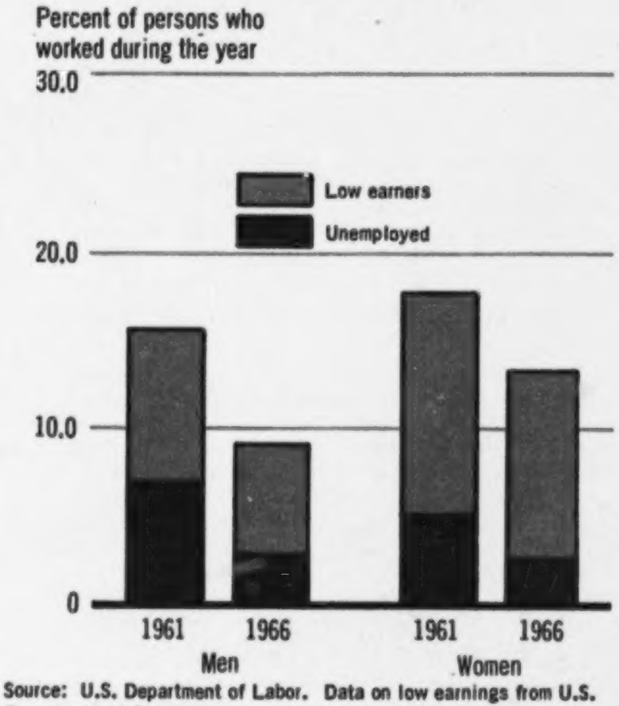
RATES OF SUB-EMPLOYMENT

Sub-employment has declined sharply since 1961. The sub-employment rate, as presently measured, fell from 17 percent in 1961 to 10 percent in 1966.

Low earners were by far the larger of the two groups included in the index—6.7 million, as compared with 2.4 million with 15 or more weeks of unemployment in 1966. And although the number of low earners declined substantially between 1961 and 1966 (by 16 percent), the improvement was not nearly as sharp as in the number with extensive unemployment (which decreased by more than 50 percent). Plainly, the problem of low earnings has been less responsive to the economic upturn than extended unemployment and, so far, has been less affected by manpower and antipoverty programs.

CHART 4

Sub-employment rates declined sharply for both men and women between 1961 and 1966.



Source: U.S. Department of Labor. Data on low earnings from U.S. Department of Commerce.

Slightly over half of the sub-employed were men despite the fact that their rate was considerably lower than that for women (9 percent, compared with 13 percent). Among both men and women, low earnings was a much more common problem than unemployment of 15 or more weeks; the disparity was greater for women. (See chart 4.)

The economic disadvantage suffered by nonwhite men is sharply portrayed by the sub-employment data. Their sub-employment rate was 22 percent, compared with 8 percent for white men. Coupled with an unemployment rate almost three times as high as for white men was an equally disproportionate low-earnings rate. (See chart 5.)

That these figures are only a rough, broad-gage indication of the proportion of workers with a substandard employment-earnings situation warrants additional emphasis. As more data become available and concepts are further refined, both modification and supplementation of this measure should be possible—including measurement of the degree of economic hardship suffered by workers unemployed for different lengths of time.

STRENGTHENING THE DATA ON SUB-EMPLOYMENT

In the further development of summary indicators of unemployment and inadequate earnings, there should be continued emphasis on experimentation, innovation, and flexibility. Strengthening of data is needed in several major respects.

Measures of unemployment and inadequate earnings for residents of urban slums and other poverty areas are the first requirement. As noted earlier, the Department of Labor is planning a new series of surveys which will supply many of the needed data for urban slums.

Second, the development of a satisfactory measure of sub-employment has been much hampered by the absence of interrelated information on the earnings as well as the income of people with different amounts of unemployment, and of those employed only part time or part year. Much valuable information on these points could be obtained by a major expansion of tabulations relating data already collected through the work-experience and income surveys.

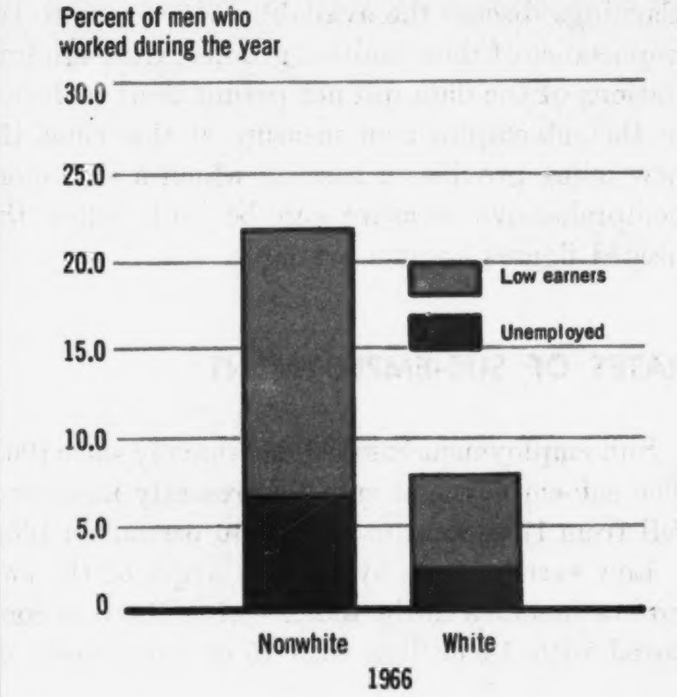
Additional specific needs for improved information include the following:

—Information should be tabulated on reasons for unemployment, for part-year and part-time work, and for nonparticipation in the work force. Such information would be of particular value in interpreting the proposed new tabulations relating work experience and income.

—An expanded tabulation program focusing on the work experience of each family member and the relation of such work experience to his earnings, and to family income, would yield many important insights.

CHART 5

Sub-employment rate is nearly three times as high for nonwhite as for white men.



Source: U.S. Department of Labor. Data on low earnings from U.S. Department of Commerce.

Income Maintenance for Workers

Income protection in the event of unemployment or disabling accident or injury is another area of urgent concern to the well-being of workers and their dependents. And so is assurance of an adequate income after retirement.[18]

The magnitude of the unemployment risk is indicated by figures already cited: In 1966, more than 11 million workers had at least one period of joblessness (over 15 million in the less prosperous years of 1961 and 1962). About 1 million workers were unemployed for 27 or more weeks.

More than 2 million suffered work injuries, and 14,500 died from these injuries. In addition, on an average day, an estimated 1¾ to 2 million workers are prevented from working as a result of nonoccupational disabling injuries or illnesses, which are far more frequent than work-connected disabilities.

Risks of such magnitude demand protective measures of commensurate scope and depth. This has been recognized since the inception of our social security system more than 30 years ago. Unemployment insurance and retirement benefits have been major elements in this system from the beginning. Workers disabled by work-connected accident or injury have for even longer—over 50 years—looked chiefly to the State workmen's compensation insurance programs for economic protection.

Though all these systems have limitations and loopholes, they have been the means of preventing or greatly reducing deprivation for many millions of Americans. They have also been supplemented by a variety of public and private programs for particular groups of workers. Moreover, a start has been made in providing income maintenance for workers disabled by illness or injury not related to their jobs.

To describe and assess the nature, accomplishments, and limitations of this highly complicated network of programs would be far beyond the scope and purpose of this section. All that is attempted here is to review briefly the available information—some of it comprehensive, some fragmentary—on how many of the country's workers receive income protection from the major programs and how adequate this protection is.

UNEMPLOYMENT

The major source of income maintenance protection in case of unemployment is the State-Federal unemployment insurance (UI) system, designed to provide temporary assistance against part of the wage loss due to involuntary unemployment. A separate Federal wage-insurance program affords protection to unemployed railroad workers; still other Federal programs offer protection to civilian employees of the Government and to ex-servicemen. Supplementing these Government programs, for relatively small groups of workers, are private measures—almost exclusively the result of collective bargaining.

Public Unemployment Insurance

Coverage. Nationally, more than three-fourths of all jobs in wage and salary employment are covered by public unemployment insurance systems, including the programs for railroad workers, Federal civilian employees, and ex-servicemen, as well as the State-Federal UI system.

Effective as these programs are ($82.2 million in benefits were paid to almost 5 million unemployed workers in 1967), their coverage has major limitations. Nearly one-fourth of the jobs held by wage and salary workers are excluded. These noncovered jobs are chiefly in five major categories: (1) State and local government, (2) domestic service, (3) nonprofit organizations, (4) farms and the processing of agricultural products, and (5) very small firms. (See chart 6.)

Since the State UI laws differ somewhat in their coverage provisions, the proportion of wage and salary workers with UI protection is higher in some States than others, partly because of the industrial composition of the State's economy. It is under 70 percent in four largely agricultural States (North Dakota, South Dakota, Iowa, and Nebraska) and 100 percent in Hawaii only. (See chart 7.)

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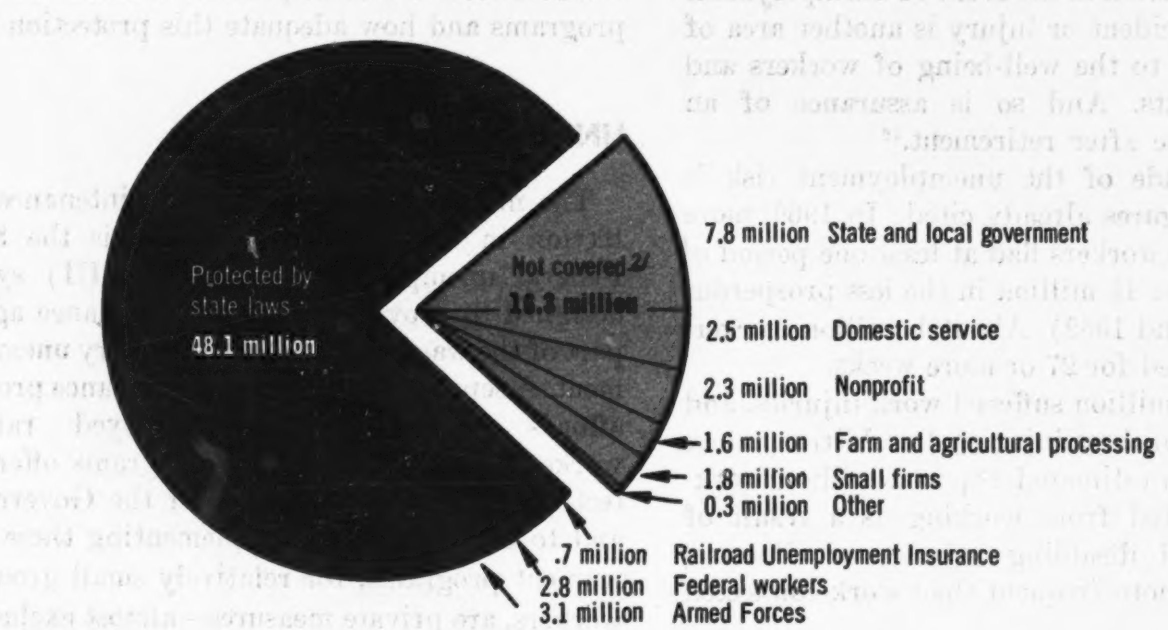
[18] This discussion is limited to income maintenance programs designed to reduce income loss resulting from interruption of work, and therefore does not include public assistance, manpower training, or poverty programs.

CHART 6

One out of every four wage and salary workers is not covered by unemployment insurance.[1]



[1] 1966 estimates.

[2] Excludes clergymen and members of religious orders, student nurses, interns, and students employed in schools where enrolled.

Source: U.S. Department of Labor.

In addition, the public unemployment insurance programs are not designed and do not attempt to protect the self-employed, unpaid family workers, young workers searching for their first job, or reentrants into the labor force. Yet in 1967 almost two-fifths of the unemployed were in these categories—a very sizable and vulnerable group of workers.

Even for wage and salary workers in covered employment, protection is not guaranteed. No worker qualifies automatically for UI benefits. The unemployment insurance program, like all other social insurance or income maintenance programs, requires some minimum earnings or length of service, or both, before a worker is eligible for benefits. In 1967, 12 percent of the jobless workers who applied for benefits under the UI system had insufficient work experience to qualify for them. And if the unemployed workers who did not apply for benefits because they knew they would not qualify could be counted also, the proportion excluded because of insufficient work experience would be much higher.

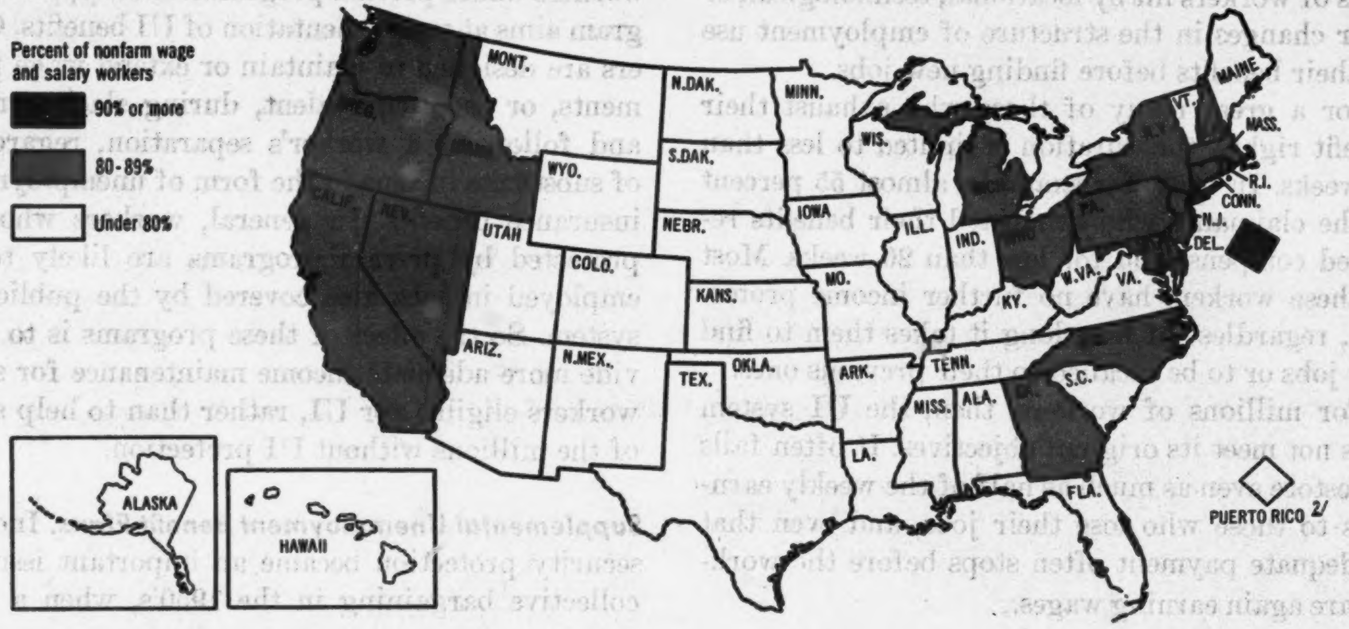
Adequacy of Benefit Payments. **The generally accepted aim of unemployment insurance is to restore at least half of the gross weekly wages of most workers who would qualify for UI benefits.**

In general, State laws provide for weekly benefits equal to half the worker's previous weekly wage, up to a specified maximum benefit amount. When the laws were first enacted, the maximums set were high enough to achieve the 50-percent benefit objective for most workers. But since then, benefits have failed to keep pace with rising wages. In 1967 the national average weekly benefit ($41.25) represented only 36 percent of the average weekly wage in covered employment, compared with 42 percent in 1939. In dollar terms, the gap between wages and benefits has widened greatly year after year. (See chart 8.)

The growing inadequacy of average weekly benefits, relative to average wages, is explained by the legally established ceilings on weekly benefits. These maximum benefit amounts, in many cases fixed in dollar terms, have lagged further and further behind rising wages. Currently, the maximum basic weekly benefit represents half or more of the average weekly wage in covered employment in

CHART 7

Proportion of workers covered by unemployment insurance varies greatly among States. 1/


Percent of nonfarm wage and salary workers
■ 90% or more
▨ 80-89%
☐ Under 80%
MONT.
N.DAK.
MINN.
MAINE
WIS.
VT.
MASS.
OREG.
S.DAK.
WYO.
R.I.
CONN.
CALIF.
NEV.
IOWA
MICH.
PA.
N.J.
NEBR.
UTAH
ILL.
IND.
OHIO
DEL.
COLO.
W.VA.
MO.
VA.
KANS.
KY.
ARIZ.
N.MEX.
OKLA.
ARK.
TENN.
TEX.
MISS.
ALA.
GA.
S.C.
LA.
FLA.
PUERTO RICO 2/
ALASKA
HAWAII

1/ Excludes employment in private households; includes all State and Federal programs, percentages based on March 1967 employment adjusted for coverage increases.

2/ Included in national average.

Source: U.S. Department of Labor.

only 19 States. In 1939, all but two States were in the 50-percent or more category.

Workers in low-paid jobs, who qualify for a weekly benefit below the maximum, can usually get a benefit equal to half their weekly wages. But those at higher wage levels are prevented by the benefit ceiling from receiving a 50-percent wage-loss replacement. Thus, the proportion of UI claimants at the benefit maximum is another significant measure of benefit adequacy.

In 1967, 47 percent of all eligible claimants were concentrated at the maximum weekly benefit amount, compared to an estimated 26 percent in 1939.[19] This change can be interpreted in two ways. On the one hand, it reflects the rising occupational and wage levels of American workers. The proportion of workers who are in low-skill and low-paying jobs—the kind of jobs in which periods of unemployment occur most frequently—has declined significantly. However, it is plain that, for a large and growing proportion of workers covered by the UI program, unemployment can mean more than a 50-percent income drop (from their previous weekly wage level).

Duration of Benefit Payments. Unemployment insurance must provide income maintenance protection of sufficient duration to tide workers over temporary periods of unemployment between jobs if it is to meet its intended objectives. Most States pay benefits up to a maximum of 26 weeks (more in a few States) in a 1-year period. In nearly all States, however, the maximum duration of benefits for which a worker may qualify varies with the length of his past employment, so that some claimants are entitled to less than even 10 weeks of benefits.[20]

The adequacy of benefit duration can be measured by the proportion of claimants who remain unemployed so long that they exhaust their benefit rights. In periods when the general level of unemployment is low, about one-fifth to one-fourth of all workers who receive benefits exhaust their entitlement, whereas in recession periods this proportion may rise to one-third. (See chart 9.) But even in high employment periods, significant proportions of workers hit by locational, technological, or other changes in the structure of employment use up their benefits before finding new jobs.

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[19] In general, weekly benefit limits under the railroad unemployment insurance system are more generous than those in most State programs. Nevertheless, in recent years almost all railroad beneficiaries qualified for the maximum benefits.

[20] The railroad unemployment insurance system has a uniform duration of 26 weeks and has a special provision for extended benefits to workers with long service in the railroad industry who exhaust their normal benefits.

For a great many of those who exhaust their benefit rights, the duration is limited to less than 26 weeks. In 1966, for example, almost 55 percent of the claimants who exhausted their benefits received compensation for less than 26 weeks. Most of these workers have no further income protection, regardless of how long it takes them to find new jobs or to be recalled to their previous ones.

For millions of workers, then, the UI system does not meet its original objectives. It often fails to restore even as much as half of the weekly earnings to those who lose their jobs, and even that inadequate payment often stops before the workers are again earning wages.

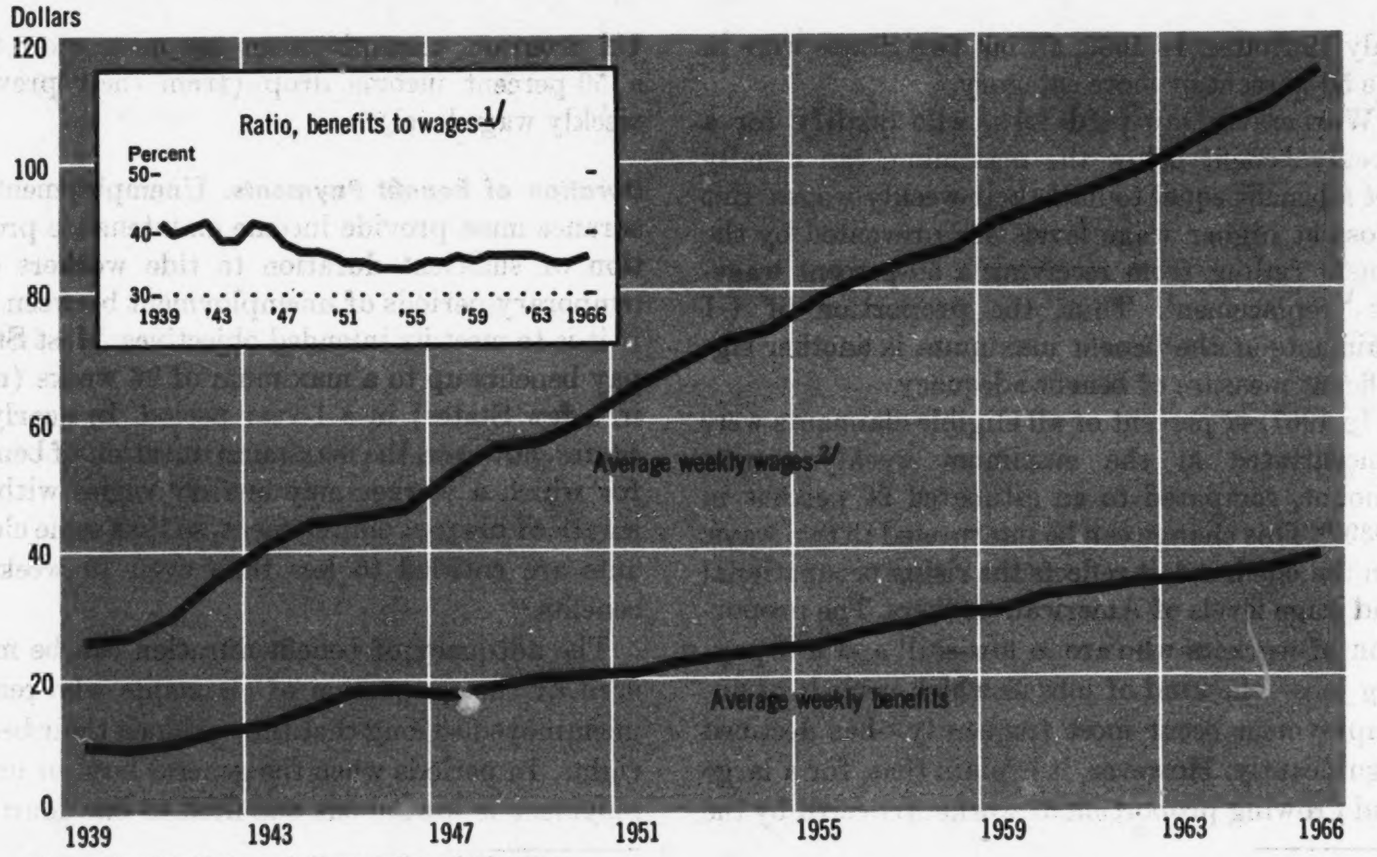
Private Unemployment Benefit Programs

Additional income protection for the unemployed is available to relatively small groups of workers under private programs. One type of program aims at supplementation of UI benefits. Others are designed to maintain or extend wage payments, or their equivalent, during slack periods and following a worker's separation, regardless of substitute income in the form of unemployment insurance benefits. In general, workers who are protected by private programs are likely to be employed in jobs also covered by the public UI system. So the effect of these programs is to provide more adequate income maintenance for some workers eligible for UI, rather than to help some of the millions without UI protection.

Supplemental Unemployment Benefit Plans. Income security protection became an important issue in collective bargaining in the 1950's, when a con-

CHART 8

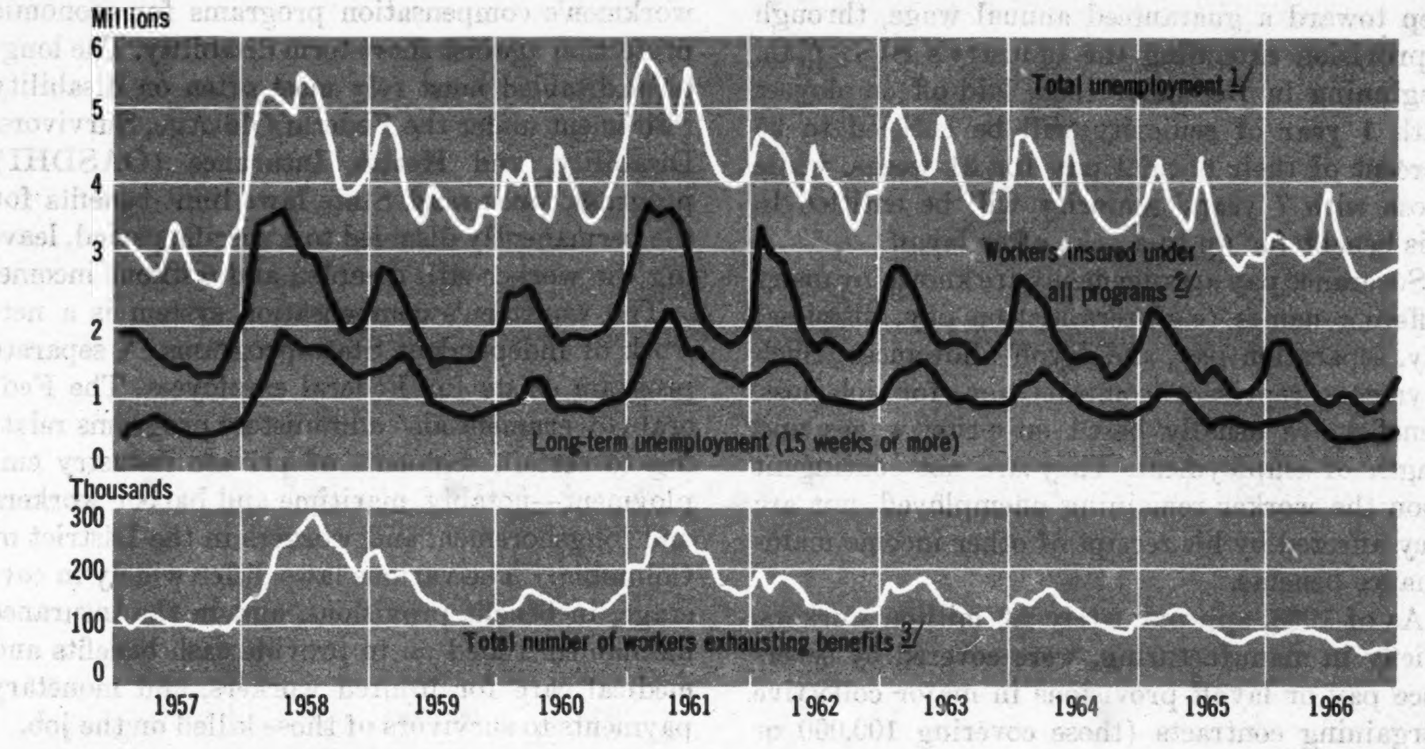
Average weekly wages have outrun average weekly unemployment insurance benefits.



1/ Benefits related to wages in the preceding calendar year.
2/ In covered employment.
Source: U.S. Department of Labor.

CHART 9

Many more workers exhaust their unemployment insurance benefits when unemployment rises.



1/ Includes Alaska and Hawaii beginning in January 1960.
2/ Includes state, veterans', ex-servicemen's, Federal civilian employees', and railroad programs.
3/ Excludes exhaustions under the Railroad Unemployment Insurance program; includes exhaustions under Puerto Rico Unemployment Insurance program after Dec. 31, 1960.

Source: U.S. Department of Labor.

certed drive by several unions led to the establishment of supplemental unemployment benefit plans (SUB). Such plans are designed to supplement benefits paid under the public unemployment compensation programs. Concurrency and integration of SUB and State UI benefits are usual.

Approximately 700 SUB plans throughout the Nation cover about 2.5 million workers (1 out of 20 of those covered by public programs)—half of them in the automobile and steel industries.[21] The coverage of SUB plans, in terms of the numbers of workers protected, has been at a standstill in recent years. The scope of many such plans, however, has been broadened to provide for benefits to partially unemployed workers, and severance pay and moving allowances to terminated workers.

Benefits to the individual worker, including UI benefits, are designed to replace 60 to 70 percent of earnings, and practically all plans provide weekly allowances for dependents in addition to the regular weekly benefit amount. This means that these workers are, of course, much better off than the vast majority of workers who have to depend solely on the public UI system.

***Employment and Wage Guarantees and Related Benefits*. The establishment of employment or wage guarantees has been one of the goals sought by organized labor as a solution to the problem of income maintenance for workers. The basic difference between such guarantees and SUB plans is that the former assure workers who start or are available for work a minimum of employment or payment of straight time weekly wages for a stated number of weeks, while SUB plans usually supplement UI benefits to laid-off workers.**

Employment and wage guarantees are provided for in only a few collective bargaining agreements. Only about 600,000 workers were covered by such

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[21] Dorothy R. Kittner, "Supplementary Unemployment Benefit Plans," *Unemployment Insurance Review*, August 1967, pp. 1–2.

guarantees in 1963, the latest date for which information is available, and for the most part the guarantee was for a week only, although in a few cases it extended to 1 year. However, the 1967 agreements in the automobile industry took a long step toward a guaranteed annual wage, through a provision extending the industry's SUB plan. Beginning in December 1968, laid-off employees with 1 year of seniority will be entitled to 95 percent of their normal pay for 31 weeks, while those with 7 years' seniority will be entitled to this benefit for up to a year after layoff.

Severance pay arrangements are known by many different names (e.g., termination pay, dismissal pay, separation pay, and layoff allowance). Such payments represent compensation for job loss. Benefits are usually based on prior wages and length of employment. They are not contingent upon the worker remaining unemployed, nor are they affected by his receipt of other income maintenance benefits.

As of 1963, approximately 2.3 million workers, chiefly in manufacturing, were covered by severance pay or layoff provisions in major collective bargaining contracts (those covering 100,000 or more workers). All these workers are presumably covered also by unemployment insurance. However, in some 20 States UI benefits are denied or reduced for recipients of severance pay. As yet, severance pay has not been an important source of income to workers, nor an important cost item to employers.

Thus, a worker who loses his job through no fault of his own, and who cannot locate another job quickly, is likely to find himself, sooner or later, thrown on his own resources. Even minimal help is not forthcoming if he is in a job not covered by UI or if he is only casually and intermittently employed in a covered job.

SICKNESS AND DISABILITY COMPENSATION

Work-Connected Disabilities

How great is the risk of disabling injury on the job? This question can be answered in terms of what lies ahead for the oncoming generation of workers. Unless substantial progress is made in reducing work injuries, 1 out of every 100 young people currently entering the work force at age 20 will die as the result of a work injury. Six more will suffer a permanent impairment, and 68 will experience one or more disabling injuries. Only 25 out of the 100 can expect to complete their working lives without a disabling work injury.

The disabled worker must look chiefly to State workmen's compensation programs for economic protection against short-term disability. The long-term disabled must rely most often on disability retirement under the Federal Old-Age, Survivors, Disability, and Health Insurance (OASDHI) program, since most State laws limit benefits for the permanently disabled to a specific period, leaving the worker still disabled and without income.

The workmen's compensation system is a network of independent State programs. A separate program exists for Federal employees. The Federal Government also administers programs relating to certain segments of private industry employment—notably, maritime and harbor workers and longshoremen, and workers in the District of Columbia.[22] The various laws differ widely in coverage, in benefit provisions, and in the insurance mechanism relied on to provide cash benefits and medical care for injured workers, and monetary payments to survivors of those killed on the job.

Coverage. An estimated 53 to 54 million workers—more than 80 percent of all civilian wage and salary workers in the 50 States, the District of Columbia, and the Federal Government—are covered by the workmen's compensation system as a whole[23] (including both State and Federal programs). The benefits received are a major source of support for the families of the approximately 14,500 persons killed at work each year, and for a large proportion of the 2.2 million workers who are injured on the job. But 1 out of every 5 wage and salary workers (some 12 million) and practically all those who are self-employed are without any public income protection in case of work injury—an omnipresent risk for many of these unprotected workers, including those in agriculture.

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[22] The relevant Federal programs are those administered under the Longshoremen's and Harbor Workers' Compensation Act, District of Columbia Workmen's Compensation Act, Defense Base Act, War Hazards Compensation Act, Outer Continental Shelf Lands Act, and the Nonappropriated Fund Instrumentalities Act.

Maritime workers are subject to the Merchant Marine Act (Jones Act), under which the provisions of the Federal Employers' Liability Act are made applicable to seamen. This act gives an employee an action in negligence against his employer and provides that the employer may not plead the common law defense of fellow servant or assumption of risk. It also substitutes the principle of comparative negligence for the common law principle of contributory negligence.

[23] These figures do not include railroad workers in interstate commerce and seamen in the U.S. Merchant Marine, who are covered under the Federal Employers' Liability Act.

The proportion of workers covered by workmen's compensation has remained virtually unchanged since 1953. Jobs excluded from the workmen's compensation system in many States are generally the same jobs as are excluded from unemployment insurance coverage—domestic service, agricultural and small firm employment, and employment in nonprofit organizations. No State law covers all employment; some restrict coverage, for example, to so-called "hazardous" occupations.

As is true of UI insurance, coverage does not assure compensation. In 23 States, employers may elect not to come under the act, in which case the worker must sue to receive compensation. Coverage of occupational diseases is still much more limited than that of accidents. Only 32 States now cover all occupational diseases, with the remaining States providing either no coverage or coverage for only certain specified diseases. Even in States where occupational illnesses are covered, benefits are usually less generous for such illnesses than for injury or disability resulting from accidents.

The possibility of latent illness and the complexities involved in determining causal relationships in many occupational disease cases are factors that must be considered in assuring adequate coverage and compensation benefits to disabled workers. For example, a study of the incidence of lung cancer among underground uranium miners (to date over 100 deaths due to lung cancer have been reported) has demonstrated that there is an association between exposure to radiation hazards and the contraction of lung cancer in the higher exposure groups.[24] While reliable estimates of the number of future lung cancer cases are not now possible, the Federal Radiation Council has concluded that a significant number of additional cases can be expected.

Adequacy of Benefit Payments. Most workmen's compensation laws provide for replacement of from three-fifths to two-thirds of a disabled worker's lost wages. (Under the Federal Employees' Compensation Act, the weekly benefit for a worker with dependents is 75 percent; for those without

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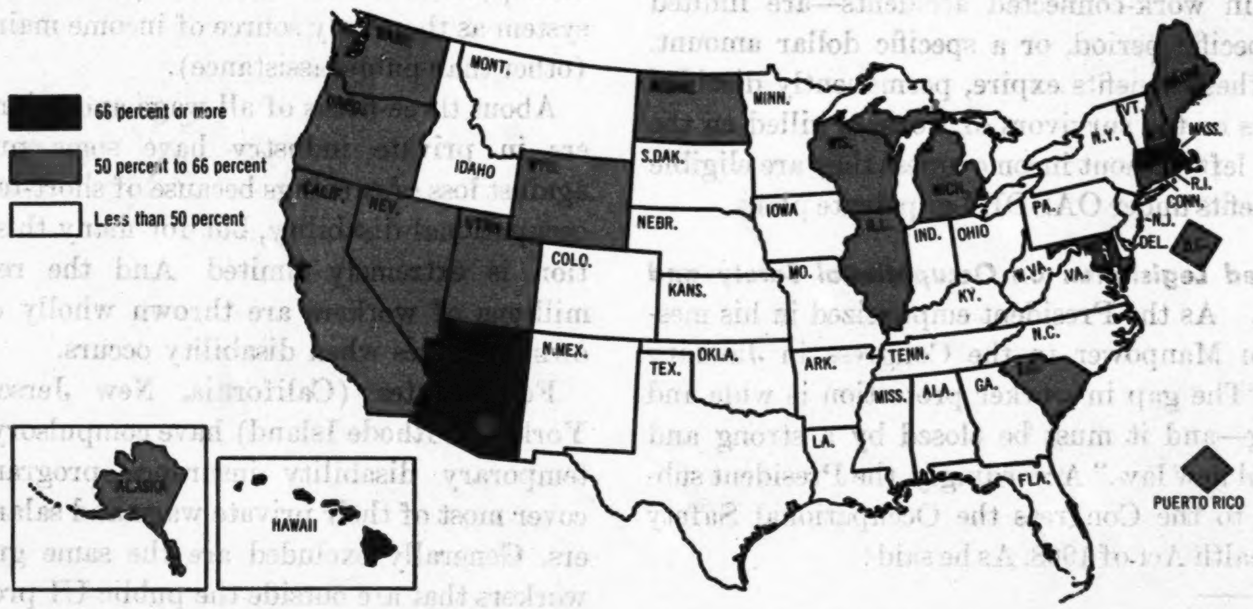
[24] Of the principal uranium States—New Mexico, Wyoming, Colorado, and Utah—only one, Colorado, had recognized lung cancer as an occupational disease among uranium miners prior to 1967, when Utah also acted to control uranium hazards.

CHART 10

Ratio of maximum weekly benefits for temporary total disability to average weekly wages varied widely among States in 1966.



Source: U.S. Department of Labor.

dependents, 66⅔ percent.) However, because of ceilings on the amount and duration of benefits and the waiting periods required before benefits start, the proportion of wage loss actually compensated is much less. Nationally, maximum weekly benefits averaged only 48 percent of average weekly wages[25] in 1966 and varied among the States. (See chart 10.) The maximums ranged from $35 in Louisiana and Mississippi to $150 in Arizona, with a national average of $55.

There has been a persistent decline in the adequacy of the income protection offered under workmen's compensation. Measured in 1965–66 dollars, maximum benefits in 15 States were lower in 1966 than they were in 1940, with percentage declines ranging from 27.7 in Louisiana to 85.9 in Hawaii. In all but five States the 1966 maximum weekly benefit amount was less than 60 percent of the statewide average weekly wage.

In more practical terms, a disabled worker who has a family of four to support and who receives the maximum weekly benefit amount under workmen's compensation would, in 35 States, fall considerably short of the income required to keep his family out of poverty (as measured by the Social Security Administration's definitions).

For work injuries that result in death (about 14,500) or permanent disability (about 90,000) benefits are even less adequate.[26] Under workmen's compensation laws in many States, benefits for the permanently disabled—or for survivors of workers killed in work-connected accidents—are limited to a specific period, or a specific dollar amount. After these benefits expire, permanently disabled workers or the survivors of workers killed on the job are left without income unless they are eligible for benefits under OASDHI or private plans.

Proposed Legislation on Occupational Safety and Health. As the President emphasized in his message on Manpower to the Congress in January 1968: "The gap in worker protection is wide and glaring—and it must be closed by a strong and forceful new law." Accordingly, the President submitted to the Congress the Occupational Safety and Health Act of 1968. As he said:

> **Here, in broad outline, is what this measure will do.**
>
> **For more than 50 million workers involved in interstate commerce it will:**
>
> **—Strengthen the authority and resources of the Secretary of Health, Education, and Welfare to conduct an extensive program of research. This will provide the needed information on which new standards can be developed.**
>
> **—Empower the Secretary of Labor to set and enforce those standards.**
>
> **—Impose strong sanctions, civil and criminal, on those who endanger the health and safety of the American working man.**
>
> **For American workers in intra-state commerce, it will provide, for the first time, Federal help to the States to start and strengthen their own health and safety programs.**

Nonoccupational Disabilities

Although short-term nonoccupational disability is far more prevalent than work-connected disability, protection against income loss for this risk is much less widespread. In considering protection against nonoccupational disability loss, one must make a distinction between short-term disabilities and the first 6 months of long-term disabilities, on the one hand, and the remainder of long-term disabilities, on the other. Some workers with short-term disabilities have protection under Federal or State law; others are protected under private insurance and sick leave plans. Workers with long-term nonoccupational disabilities must rely mainly, after the first 6 months, on the OASDHI system as their only source of income maintenance (other than public assistance).

About three-fifths of all wage and salary workers in private industry have some protection against loss of earnings because of short-term nonoccupational disability, but for many this protection is extremely limited. And the remaining millions of workers are thrown wholly on their own resources when disability occurs.

Four States (California, New Jersey, New York, and Rhode Island) have compulsory, public temporary disability insurance programs that cover most of their private wage and salary workers. Generally excluded are the same groups of workers that are outside the public UI program—farm and domestic workers, those in small firms, and employees of government and nonprofit organizations. Workers in the railroad industry are protected under the Railroad Unemployment Insurance Program.

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[25] Average weekly wage as reported under the State unemployment insurance programs.

[26] Alfred M. Skolnik, "Twenty-Five Years of Workmen's Compensation Statistics," *Social Security Bulletin*, October 1966, pp. 3–26.

Outside of these compulsory programs, only about half of all private wage and salary workers can count on any replacement of income loss caused by nonoccupational disability. Of the 21 million who did have some other form of short-term disability protection in 1966, some 17 million were covered primarily by commercial group insurance purchased by employers. Others were protected by union and joint union-management programs, employers' self-insured plans, and mutual aid plans. Insurance plans ordinarily provide wage-loss replacement geared to some percentage of the worker's recent wages, with the maximum duration of benefits usually limited to between 13 and 26 weeks.

Sick leave plans usually provide for continuation of wages for a specified period, sometimes varying with length of service. Sick leave represented 55 percent of all sickness benefits in 1966, and over two-thirds of that went to government workers.

It is not now possible to determine either the amount of income loss or the adequacy of income loss protection for workers with long-term disabilities. At the end of 1967, almost 1.2 million disabled workers under age 65 were drawing benefits under the OASDHI system for either occupational or nonoccupational disability. Many other disabled workers are ineligible for benefits either because their disability does not meet the strict statutory definitions of disability or because they cannot meet the work experience requirements.

RETIREMENT PROTECTION

The major public provision for maintenance of income for retired workers, as well as for protection to families deprived of their main source of income because of death of the breadwinner, is the OASDHI program.

The OASDHI program today approaches universal coverage of retired workers. Excluded are four major categories: (1) Workers covered under Federal civilian employee retirement systems, (2) household workers and farmworkers whose earnings or employment fail to meet certain minimum requirements, (3) railroad workers covered under the Railroad Retirement Act, and (4) persons with extremely low net earnings from self-employment.

At the end of 1967, about 12 million retired workers aged 62 and over were drawing benefits under OASDHI. Their average monthly benefits were about $85. At one extreme, for men who waited until age 65 to retire, benefits averaged nearly $100. At the other extreme, women whose benefits were reduced for early retirement received an average just above $65. Benefits are based on the worker's average monthly earnings over a period of years, and additional benefits are provided for a wife and dependent child. At the benefit levels in effect in 1966 and 1967, almost all retired workers without financial resources other than OASDHI benefits were living in poverty (as defined by the Social Security Administration).

Amendments to the Social Security Act, which went into effect in February 1968, increased benefits by at least 13 percent. Minimum monthly payments increased 25 percent, from $44 to $55. The top of the range for a man retiring in 1968 is $156, compared to the previous $138. The average monthly benefit for a man and wife now on the rolls increased from $145 to $165. However, most retired (or disabled) workers with a wife and two children, who are totally dependent on OASDHI, are still at or below the poverty level.

Fortunately, many retired workers have other resources, however limited. About 25 million employees in private nonfarm jobs—or almost half the private wage and salary labor force—are building up retirement protection supplementary to OASDHI.[27] About 3 million persons were receiving private pensions in 1966, compared with some 12 million who were drawing retired workers' benefits under OASDHI. How many retirees were thus provided an adequate income, and how many were left below or near the poverty line despite both public and private retirement coverage, are questions not answerable at present.

Civilian employees of the Federal Government (about 2.7 million in 1967) have a separate retirement system which, in the case of employees with long service, provides much more adequate retirement income than OASDHI. In addition to being covered by OASDHI, career personnel in the Armed Forces are also covered by a separate program financed entirely by the Federal Government.

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[27] Walter M. Kolodrubetz, "Growth of Employee-Benefit Plans 1950–65," *Social Security Bulletin*, April 1967, pp. 10–27.

General or special retirement systems administered by State and local governments are in effect for nearly 3 out of every 4 State and local government employees. Almost all those who are full-time government employees now have retirement protection through special systems, the Federal OASDHI system, or both. Studies by the Social Security Administration show that employees covered by both a State retirement system and OASDHI generally have more overall protection than private industry employees covered by OASDHI and a private pension plan.[28]

SOME IMPLICATIONS AND DATA NEEDS

Though assessment of existing income maintenance programs is hampered by informational gaps, it is plain that present measures to maintain income during unemployment, inability to work because of accident or illness, or old age are inadequate for most workers. The great majority of employees have some protection, varying widely in extent, but many are still without any income protection when jobless or unable to work. And the workers with the most inadequate protection or none at all are usually those most in need of help—the unskilled, the low paid, and those with long and repeated spells of unemployment.

Despite improvements in unemployment insurance and workmen's compensation programs with regard to duration of benefits, reduction of waiting period requirements, and extension of coverage and types of protection, the programs have not kept abreast of changing economic conditions in one very important respect—the ratio of maximum benefits to average weekly wages and to the cost of living. In both programs, statutory changes in benefit levels have lagged behind rising wages and living costs, so that in this regard the programs are even less adequate than they were at their inception. Today, a worker and his family, dependent solely on either program, would in a majority of cases drop below a poverty subsistence level, even if he received the maximum payment allowable under State laws.

To overcome these grave deficiencies will require major strengthening of the country's income maintenance programs. Improved data on the adequacy of private as well as public benefit payments and their relation to the well-being of workers are a lesser need, but they would be of great assistance as a guide in the essential expansion and improvement of programs.

While information on the coverage of the UI program and on benefit payments under it appears sufficient, the basic concept that UI will replace 50 percent of lost wages calls for scrutiny. How adequately does replacement of only half of lost earnings meet the needs of unemployed workers and their families? How do these workers survive on half their earnings? Do they have savings? Do they go on welfare? Answers to such questions are not available, but are essential if the program is to be assessed realistically.

Information on private benefit plans is extremely limited. Such plans are increasing at a very rapid rate, and their importance in the entire system of income maintenance for private wage and salary workers calls for extended study. The available information does not permit determination of the extent to which such plans supplement UI payments or take the place of UI for workers not covered by the public UI system. Nor is it possible to determine the relationship between private benefit plans and OASDHI payments to long-term disabled and retired workers. Such studies as are available of private benefit plans deal largely with the provisions of major collective bargaining contracts and give little indication of actual coverage or performance under these contracts.

Because of the need to develop a greater overall public awareness and understanding of workmen's compensation—its strengths and inequities and its relationships to other types of social insurance—a comprehensive review of the program should be undertaken. A national center for the collection and distribution of comparative workmen's compensation statistics could assemble much needed data, including for each State such items as the number of workers covered, the number and amount of benefit payments by type of disability, and the promptness of payments. Information on what happens to the families of workers who are killed or permanently disabled by work-connected injury or illness would also help in judging the adequacy of the program.

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[28] Joseph Krislov, *State and Local Government Retirement Systems in 1965* (Washington: U.S. Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, 1966), Research Report No. 15, p. 82.

The Quality of Employment

Traditionally, manpower problems have been defined and measured mainly in the economic terms of employment, unemployment, and income. The gradual refinement of these economic measures has sharpened the objectives of policy and program planning. Still largely absent in the evaluation of manpower problems, however, is an adequate assessment of the many other dimensions of work and employment that affect worker well-being.

This broad, more qualitative orientation requires attention not only to how well the economic system absorbs individuals into employment and meets their financial needs, but also to the adequacy with which it satisfies quite different kinds of needs—physical, psychological, and social. These dimensions of employment are not easily defined or measured, but they are essential to a full understanding of the conditions of work and how satisfactory these are to workers.

Although no precise definition of the quality of employment will be attempted at this early stage, some essential features of the concept may be noted.

1. It is concerned primarily with the extent to which employment satisfies the needs of the individual, rather than those of the employer and the economy generally. This is not to say that conflict between these different interests is inevitable; obviously there are many points of convergence. But the furtherance of worker interests and worker satisfactions stands as a legitimate social goal in its own right.

2. It requires that work and employment be viewed and evaluated in the total scheme of life, rather than in the isolation of the work environment. An individual's experiences as a worker obviously have varied and complex interrelationships with his roles as family member, social participant, and political decisionmaker. And the available data suggest that, while generally positive, the impact of employment experience on nonwork life can, under some circumstances, have pronounced negative effects. Thus, the quality of employment has a major effect on the quality of American life in general.

3. It has two major dimensions which, although interdependent, require separate consideration. The first relates to the deleterious effects of work experience. The ways in which various forms and conditions of work adversely affect the physical health of employees have long been recognized. Statistics on the incidence of occupational injuries and illnesses testify to this negative aspect of employment. But even here, the data are incomplete. Far greater attention must be given to the ways in which employment contributes to *mental*, as well as physical, ill health.[29]

The second dimension is the extent to which the quality of employment is, and can increasingly become, a truly positive and developmental experience. The goals and functions of employment should go beyond the avoidance of poverty, insecurity, and illness, and purposively and progressively advance worker well-being—in keeping with the continuously rising aspirations and expectations throughout our society.

The discussion and data that follow represent only a preliminary stage in the assessment of the quality of employment as thus outlined. In this initial effort, its evaluation is tentatively approached from two important, though highly different, points of view. First, there is a discussion of the psychological impact of work—of the quality of employment defined largely in terms of worker feelings and attitudes. And second, progress in developing labor standards protections is briefly considered. Broadly interpreted, these standards reflect society's judgments regarding aspects of employment that are so crucial or so potentially damaging to workers as to require voluntarily agreed-upon or legal protections.

PSYCHOLOGICAL IMPACT OF WORK

No existing measure serves as a fully satisfactory index of the far-reaching psychological and social consequences of employment. The concept of job satisfaction, however, is a logical starting point in the development of such an index. In approaching the extensive body of existing data on job attitudes, one might begin by asking what kinds of summary judgments can be made about the psychological condition of American workers generally. Does the evidence suggest that gains in economic well-being have been matched by equally satisfactory advances in psychological well-being? Or do the data point to an opposite conclusion, with large numbers of people finding little meaning and satisfaction in work?

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[29] The impetus for a closer examination of the mental health effects of employment may come partly from Workmen's Compensation decisions. In what is generally regarded as the landmark case, the Supreme Court of Michigan held that a worker's emotional disability was caused by the cumulative effects of his employment and was compensable under Michigan law [*Carter v. General Motors*, 106 N.W. 2d (Mich.) 105].

Regrettably, existing data cannot yet provide answers to questions such as these for the working population as a whole. Investigations of job satisfaction have thus far been limited, with few exceptions, to fairly narrow studies of restricted samples of occupational and industry groups at single points in time, conducted by individual researchers or private organizations.[30] The Federal Government has begun only recently to extend its range of concern to the assessment of work attitudes. Consequently, present conclusions about work attitudes must be based largely on summaries of small-scale investigations.[31]

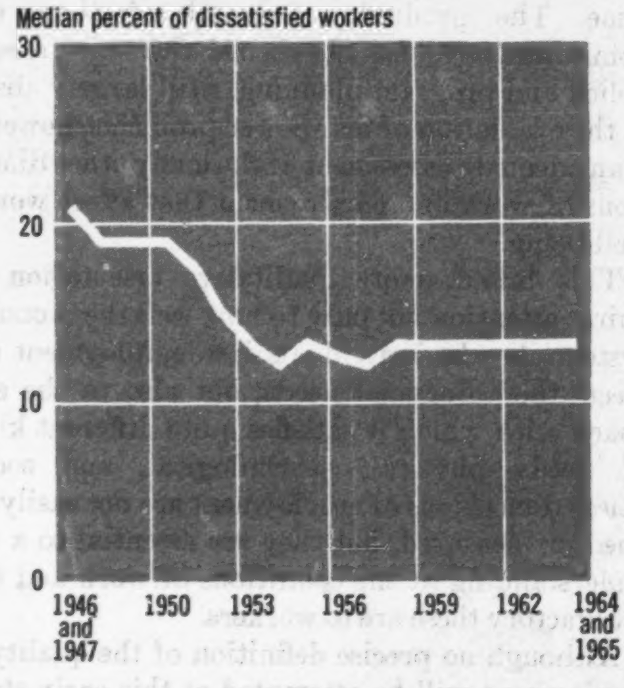
There are, of course, no absolute standards of judgment that can be used to assess the psychological condition of the labor force—or, indeed, of any group—and thus no basis for declarations that a given level of job satisfaction is good or bad, acceptable or unacceptable. What is justified, and indeed crucial, in assessing the quality of work are judgments of a comparative nature.

If satisfaction in work is generally agreed to be a positive value in our society, evidence of its improvement or deterioration over time is of obvious significance. The piecemeal character of job satisfaction research makes detection of trends in this area very difficult. So far as is known, only one effort has been made to chart the course of satisfaction and dissatisfaction over the years,[32] and unfortunately its limitations are great.

A fairly notable decrease in job dissatisfaction since 1946–47 seems to be indicated by this one study—a compilation of the findings of independent research studies. From a post-World War II high of 21 percent, the median percent dissatisfied gradually diminished to 12 percent in 1953 and has since remained at about 12 to 13 percent. (See chart 11.)

CHART 11

Frequency of job dissatisfaction appears to have declined over the past two decades.



Note: Each median percent represents an average compiled from studies on job dissatisfaction conducted by various researchers within a year or other time period.

Source: U.S. Department of Labor, based on data from Personnel and Guidance Journal, 1946-1965.

The serious technical limitations of these data should be borne in mind, however. What indeed seems to have been an impressive long-run change for the better in level of job satisfaction may also reflect differences in the makeup of respondent groups, in research design, and in techniques of measurement. Furthermore, a persistent sampling bias is possible, since surveys of employee attitudes are most likely to be conducted in organizations with enlightened managements and where there is no detectable evidence of serious discontent. Thus, cautious interpretation of the findings is in order.

The danger of excessively broad generalizations about levels of job satisfaction should be emphasized also. Overall judgments about the psychological state of the work force tend to obscure critical differences among various occupational and other population subgroups. As will be illustrated later in this section, in a work force as heterogeneous as that of the United States, work attitudes and job satisfaction can be as varied as the tasks performed and the conditions under which they are carried out.

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[30] Illustrative of the kind of research that promises to help fill the void is a "Study of the Impact of Changes in Machine Technology on a Cross-Section of the Labor Force" (Ann Arbor, Mich.: University of Michigan, for the U.S. Department of Labor, Manpower Administration, in process); also, a "Longitudinal Study of Labor Force Behavior" (Columbus, Ohio: Ohio State University, for the U.S. Department of Labor, Manpower Administration, in process).

[31] See, for example, Frederick Herzberg and others, *Job Attitudes: Review of Research and Opinion* (Pittsburgh: Psychological Service of Pittsburgh, 1957); also, Victor H. Vroom, *Work and Motivation* (New York: John Wiley and Sons, Inc., 1964).

[32] See the annual reports on job satisfaction research in the *Personnel and Guidance Journal*.

Occupational Differences in Job Satisfaction

The higher an individual's position in the occupational hierarchy, the more likely he is to experience satisfaction in his employment. Regarding this not-unexpected conclusion, the findings of job satisfaction studies have been consistent and generally unequivocal. Satisfaction is greater among white-collar than blue-collar workers as a whole, and typically is found to be highest among professionals and businessmen and lowest among unskilled laborers.[33]

In a recent national survey,[34] for example, the highest proportion (42 percent) of very satisfied workers was in the professional-technical classification and the lowest (13 percent) in the unskilled laborer group. (See table 10.) Surprisingly, however, the clerical workers surveyed expressed somewhat less satisfaction with their employment than did semiskilled manual workers. And to a lesser extent, the same was true of sales workers. Moreover, expressions of ambivalent feelings or dissatisfaction by these two white-collar groups were almost identical in frequency to those of unskilled workers.

These findings may well reflect the changing character of both blue- and white-collar employment. They also suggest that the viewpoint of many clerical and sales workers toward their jobs is becoming more akin to that of so-called blue-collar workers than to that of professional and managerial personnel.

The relatively high level of satisfaction expressed by farmers is another notable finding of this survey. Instead of the discontent that might have been anticipated in view of the downward trend of agricultural employment, somewhat the opposite was found. Two possible interpretations may be relevant. First, a selection factor is probably at work, since many of the persons most dissatisfied with farming are likely to have migrated to urban areas. Second, in view of the tie-

TABLE 10. RELATIONSHIP BETWEEN OCCUPATIONAL STATUS AND JOB SATISFACTION FOR EMPLOYED MEN

[Percent distribution]

Level of job satisfaction	Professionals, technicians	Managers, proprietors	Clerical workers	Sales workers	Skilled workers	Semiskilled workers	Unskilled workers	Farmers
Total: Number	119	127	46	55	202	152	84	77
Percent	100	100	100	100	100	100	100	100
Very satisfied	42	38	22	24	22	27	13	22
Satisfied	41	42	39	44	54	48	52	58
Neutral	1	6	9	5	6	9	6	4
Ambivalent	10	6	13	9	10	9	13	9
Dissatisfied	3	6	17	16	7	6	16	7
Not ascertained	3	2		2	1	1		

NOTE: Detail may not add to totals due to rounding.

SOURCE: Based on data from a representative cross section of adults, 21 years of age or older, living in private households in the United States, reported in Gerald Gurin, Joseph Veroff, and Sheila Feld, *Americans View Their Mental Health* (New York: Basic Books, Inc., 1960), p. 162.

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[33] This general relationship between satisfaction and occupational level is confirmed both by independent studies of limited occupational samples and by the few broad-gage, multioccupational studies thus far undertaken. See Herzberg and others, op. cit.; Robert Blauner, "Work Satisfaction and Industrial Trends in Modern Society," *Labor and Trade Unionism*, ed. Walter Galenson and Seymour Martin Lipset (New York: John Wiley and Sons, Inc., 1960), pp. 339–360; Harold Wilensky, "Varieties of Work Experience," *Man in a World at Work*, ed. Henry Borow (Boston: Houghton-Mifflin, 1964), pp. 125–154.

[34] Gerald Gurin, Joseph Veroff, and Sheila Feld, *Americans View Their Mental Health* (New York: Basic Books, Inc., 1960).

TABLE 11. PROPORTION OF FACTORY WORKERS DESIRING DIFFERENT OCCUPATIONS,[1] BY INDUSTRY

Industry	Number	Percent of total		
		Yes	No	Don't know or "depends"
Total	2,933	59	32	9
Leather	129	71	20	9
Sawmills and planing	68	71	24	6
Oil refining	51	71	27	2
Automobiles	180	69	23	8
Iron and steel	407	65	25	10
Machinery	293	65	29	6
Furniture	259	64	29	7
Apparel	265	63	35	2
Chemicals	78	58	29	13
Nonferrous metals	88	55	36	9
Textiles	409	54	37	9
Food	296	51	34	15
Stone, clay, and glass	108	48	25	27
Transportation equipment	93	48	48	3
Paper	102	37	49	14
Printing	107	36	50	13

[1] Data are based on responses to the question: "If you could go back to the age of 15 and start life over again, would you choose a different trade or occupation?" Although this is not phrased as a direct question about level of job satisfaction, responses can clearly be interpreted as expressions of contentment with present occupational status.

NOTE: Detail may not add to totals due to rounding.

SOURCE: Robert Blauner, *Alienation and Freedom* (Chicago: The University of Chicago Press, 1964), p. 202.

ins between farm work and farm life, the favorable attitudes of respondents may reflect a broad preference not merely for farm employment but also for the general life style it involves.

Although efforts to measure relative levels of job satisfaction and dissatisfaction have usually focused on occupational groups, job attitudes may be analyzed also in relation to the broader industrial context in which the job is performed. A recently published study of worker alienation[35] shows striking contrasts in subjective reactions to employment in different types of industrial settings. One of the sources drawn upon in this study was a Roper survey[36] of the job attitudes of factory workers in 16 manufacturing industries. (See table 11.)

The fact that roughly 3 out of every 5 workers surveyed wished they "had it to do over again" is in itself an impressive finding, but even more revealing are the exceedingly wide differences in attitude among workers in the various industries. The proportion of workers desiring different occupations was lowest (36 percent) in the printing industry, and double that figure (71 percent) in the leather, sawmill, and oil refining industries. In the other 12 industries covered, the percentages of respondents expressing regrets about their occupations were distributed fairly evenly between these two extremes.

Although these survey data are now more than two decades old, they are no less useful in illustrating the differential impact of a variety of employment experiences. At the same time, it must be recognized that what was true in 1947 cannot be extrapolated to 1968. The need, then, is clearly for more up-to-date information of this general type.

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[35] Robert Blauner, *Alienation and Freedom* (Chicago: The University of Chicago Press, 1964). The concept of alienation is by no means identical to that of job satisfaction, but like satisfaction (or, more appropriately, dissatisfaction) it has utility in summarizing subjective reactions to work.

[36] Reported in *Fortune*, May and June 1947.

Factors in Job Satisfaction

The relative importance of different factors in job satisfaction and dissatisfaction is found to vary also by occupational group. What individuals perceive as satisfying or dissatisfying is necessarily determined by their values, needs and motives, and expectations, as well as by the objective features of their working environment. Consequently, different groups may have quite different reactions to the same set of job circumstances.

This is illustrated by a recent study of the work motivations of members of an urban population.[37] When asked to rate six employment factors in order of importance, the workers gave responses that reveal marked differences among occupational groups. (See table 12.)

By and large, workers in white-collar categories attached greater significance to the intrinsic factors related to the work itself, while blue-collar workers placed comparatively greater stress on factors pertaining to the context in which work is performed—extrinsic factors. Once again, however, there were unanticipated findings with respect to occupational differences. The factors most often selected by the lower level white-collar groups (clerical and sales) more nearly resemble the choices of skilled blue-collar workers than those of the higher level white-collar workers. The long-standing tendency to use "collar-color" as the most fundamental criterion dividing workers in the occupational structure is challenged by these findings. The relevance of this broad dichotomy to present-day employment is doubtful. The meaning of jobs, in terms of both tasks performed and their significance to workers, can no longer be easily inferred on the basis of traditional occupational labels.

Compensation is clearly revealed as one of the chief factors in worker motivation. All groups except the professional-managerial classification attached the greatest importance to pay. On the other hand, the security factor ranked last among the six listed, except in the case of semiskilled and unskilled workers. But even for these groups, security was judged much less important than pay, and no more important than interesting work and the congeniality of coworkers.

This kind of data requires cautious interpretation. The differences in importance allotted to various aspects of employment conceivably reflect basic psychological differences stemming from distinctive conditions of life. Self-expression, for example, may be given greater emphasis in the culture of the middle-class white-collar worker than

TABLE 12. IMPORTANCE OF DIFFERENT JOB FACTORS TO EMPLOYED ADULTS

Occupation	Number	Percent specifying intrinsic factors			Percent specifying extrinsic factors		
		Interesting work	Use of skill, talent	Feeling of satisfaction	Pay	Security	Coworkers
Total white-collar	400	65	57	58	62	23	35
Professional and managerial	217	68	64	68	59	16	25
Clerical and sales	183	62	48	46	66	31	46
Total blue-collar	233	55	42	42	73	42	46
Skilled	98	61	51	46	70	33	40
Semiskilled and unskilled	135	50	35	39	74	49	52

NOTE: Percentages for each occupational group add to 300 percent because respondents selected factors first, second, and third in importance. Detail may not add to totals due to rounding.

SOURCE: Based on responses of a selected cross section of employed adults (excluding self-employed) in Greater Los Angeles, reported in Richard Centers and Daphne E. Bugental, "Intrinsic and Extrinsic Job Motivations Among Different Segments of the Working Population," *Journal of Applied Psychology*, June 1966, p. 195.

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[37] Richard Centers and Daphne E. Bugental, "Intrinsic and Extrinsic Job Motivations Among Different Segments of the Working Population," *Journal of Applied Psychology*, June 1966, pp. 193–197.

in that of the industrial worker.[38] On the other hand, the relative importance assigned to different work dimensions may be more reflective of the extent to which worker needs and expectations are satisfied or unsatisfied at the time of questioning. If wages, for example, are not sufficient to provide an adequate level of physical and material comfort, self-expression would probably tend to have relatively little incentive value. Man may not live by bread alone, but the lack of it can surely prevent focusing upon less tangible features of life and work.[39]

Although there is no evidence of a fixed ordering of work factors as determinants of work satisfaction within any given occupational group,[40] there does appear to be some relationship among the various employment dimensions.[41] This interrelatedness may arise from an individual's tendency to respond similarly to different aspects of his job, or it may be that an occupational role that affords one kind of satisfaction provides other kinds of gratification as well. A job that calls for the exercise of considerable skill or talent, for example, is also likely to provide high wages, a good measure of job security, and more than minimally adequate working conditions.

It seems clear from the wide divergences shown by different groups and within each group that any factor of employment may serve to gratify or frustrate worker needs and desires and that no single dimension of employment can be regarded as *the* vital one. However, more evidence is needed to show how each of the several facets of work experience contributes to both the positive and negative attitudes of members of different occupational groups, with a view to determining the significance of these factors in broad social and economic terms.

A recent investigation of shift work[42] illustrates what is probably a more fruitful approach to analysis of the factors affecting particular groups of workers. This study revealed that "odd-hour" work schedules can have a pronounced effect not only on the job satisfaction of workers but also on many other facets of their general well-being—physical, psychological, and social. The problems these workers face in adapting to a society where social, recreational, and cultural activities are geared largely to daytime working schedules are obviously serious and widespread. Although there are no available data that permit the plotting of trends in the prevalence of shift work, it seems likely that such factors as changes in technology and the growth of service occupations point to the scheduling of work as a problem of growing concern.

When the factor of ability or skill usage is singled out for special consideration, the usefulness of examining each of the specific features of employment becomes clear. In a recent examination of the factors underlying differences in job satisfaction, opportunity for the use of skills was found to be the factor most successfully differentiating groups at different levels of overall satisfaction.[43] Almost 80 percent of the low-satisfaction group but only 40 percent of the high-satisfaction group expressed negative feelings about opportunities to use their skills. Similarly, when the mental health of a group of industrial workers was the subject of a research inquiry, feelings about the use of skills was found to be the factor most closely related to differences in this measure of general well-being.[44]

While this finding has great significance in itself, its meaning is brought out even more fully in the context of present concern about underutilization of workers. In the absence of any objective way of assessing the extent to which workers' abilities are underused or misused in their jobs, it seems quite reasonable to make at least tentative judgments about this on the basis of the workers' own subjective estimates. For that mat-

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[38] Some evidence bearing on cultural differences in work values is to be found in a recent study of "underprivileged" workers. When participants in an MDTA program were asked to rank 16 motivational factors in terms of importance, a few notable differences between Negro and white subsamples were obtained. On the whole, however, the two rank orderings were quite similar. See Joseph E. Champagne and Donald C. King, "Job Satisfaction Among Underprivileged Workers," *Personnel and Guidance Journal*, January 1967, pp. 429–434.

[39] The concept of need-hierarchy, which holds that the relative unfulfillment of more basic needs precludes preoccupation with so-called "higher order" needs, is relevant here. See Abraham Maslow, "A Theory of Human Motivation," *Psychological Review*, July 1943, pp. 370–396.

[40] Indeed, it has been theorized that satisfaction and dissatisfaction are not on a single continuum and that the factors contributing to one are not the same as those contributing to the other. See Frederick Herzberg, Bernard Mausner, and Barbara Snyderman, *The Motivation to Work* (New York: John Wiley and Sons, Inc., 1959). However, evidence bearing on this "motivation-hygiene theory" is by no means clear cut. See, for example, Robert House and Lawrence Wigdor, "Herzberg's Dual-Factor Theory of Job Satisfaction and Motivation: A Review of the Evidence and a Criticism," *Personnel Psychology*, Winter 1967, pp. 369–389.

[41] Vroom, op. cit.

[42] Paul Mott and others, *Shift Work: The Social, Psychological, and Physical Consequences* (Ann Arbor, Mich.: The University of Michigan Press, 1965).

[43] Norman M. Bradburn and David Caplovitz, *Reports on Happiness* (Chicago: Aldine Publishing Co., 1965).

[44] Arthur Kornhauser, *Mental Health of the Industrial Worker* (New York: John Wiley and Sons, Inc., 1965).

TABLE 13. PERCENT OF WORKERS WHO HAVE HIGH MENTAL HEALTH,[1] FOR SPECIFIED AGE AND OCCUPATIONAL GROUPS

Occupational level	Percent of young workers with high mental health		Percent of middle-aged workers with high mental health	
	Above average satisfaction	Below average satisfaction	Above average satisfaction	Below average satisfaction
Skilled	68	36	60	40
High semiskilled			48	24
Ordinary semiskilled	52	14	35	43
Repetitive semiskilled	43	0	38	18

[1] "High" mental health represents the upper one-third of all workers on a general measure based on six component indexes.

SOURCE: Based on data from sample of 298 manual workers employed by automotive manufacturing plants in metropolitan Detroit reported in Arthur Kornhauser, *Mental Health of the Industrial Worker* (New York: John Wiley and Sons, Inc. 1965), p. 87.

ter, if the major focus of manpower concern is on worker well-being, the subjective estimate may well be the most relevant one.

A still more basic question that might be asked is: How do work and nonwork activities compare as sources of worker satisfaction? Although few studies of worker satisfaction have sought information bearing on this question, the findings of a recent survey of government employees point strongly to the centrality of employment in the total life context.[45] On the average, both blue- and white-collar respondents considered their jobs far more important to feelings of satisfaction or dissatisfaction than three other major facets of life (recreation, education, and church).

Job Satisfaction and Overall Well-Being

If the quality of work is to be a useful concept, its development must involve recognition that work and employment experience cannot be assessed adequately apart from other life experiences. Although job feelings may be a focal point, it is clear that the broader significance of worker attitudes and job satisfaction will be revealed only as their interrelationships with other personal and social factors are traced. However, there are as yet few data dealing with the relationships between work and nonwork attitudes—between satisfaction with employment conditions and satisfaction with other facets of life.[46] This dearth of information reflects the fact that job attitude research has been, for the most part, conducted by or within business enterprises, usually with the object of contributing to personnel efficiency. But there are fortunately a few notable exceptions.

Striking relationships between job satisfaction and mental health are shown, for example, by the study of Detroit industrial workers.[47] (See table 13.) Within each occupational (skill) level sampled, and among both younger and older workers, those who expressed above-average job satisfaction were also judged to have higher levels of mental health. Thus, 52 percent of the young, semiskilled workers who were above average in job satisfaction had high mental health, as compared with 14 percent of those below average in job satisfaction.

The close tie-ins between occupational or socioeconomic level, job satisfaction, and mental health are further illustrated by the findings of a large-scale inquiry into the relationships between mental disorder and the social environment of an urban community.[48] Among workers of high socioeconomic status (SES), more than 75 percent indicated very much satisfaction with their occupations, compared with just 43 percent of the low socioeconomic group. Conversely, at the lower end of the satisfaction scale, more than two and one-half times as large a proportion of low SES as of high SES respondents liked their work not so much or not at all. (See table 14.)

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[45] Frank Friedlander, "Importance of Work Versus Nonwork Among Socially and Occupationally Stratified Groups," *Journal of Applied Psychology*, December 1966, pp. 437–441.

[46] See Kornhauser, op. cit. Kornhauser found positive, though moderate, relationships between job satisfaction and satisfactions with family and home, leisure time, and community. Although the direction and degree of relationships do not permit firm conclusions about job feelings determining feelings in other spheres of life, they do cast serious doubt on the validity of a contention that those who lack satisfaction in work can somehow compensate for this lack in nonwork activities.

[47] Kornhauser, op. cit.

[48] Thomas S. Langner and Stanley T. Michael, *Life Stress and Mental Health* (New York: The Free Press of Glencoe, 1963).

But the differences in mental health among people at different levels of occupational satisfaction are the most significant findings of this study. In general, the lower the level of job satisfaction, the greater the mental health risk.[49] Those who are least able to experience gratification in employment are also apt to face difficulty in achieving a satisfactory state of mental health.

The relationship between job satisfaction and "happiness" appears as direct as that between such satisfaction and mental health, according to a survey in four communities.[50] Respondents scoring high on a job satisfaction index were far more likely to describe themselves as "very happy" than those scoring low on the index (56 percent and 13 percent, respectively). This relationship holds true not only at the extremes of the satisfaction scale, but in the middle group as well. (See table 15.)

Job satisfaction also appeared to be directly related to and influenced by broader socioeconomic conditions in each of the four communities (two depressed, one improving, and one prosperous). Men in the lower socioeconomic group were more dissatisfied with their jobs in the prosperous communities than those in the same low group in the comparatively depressed communities. Deprivation is relative as well as absolute—the same conditions of employment may have considerably different meaning, depending on the available bases for comparison. In other words, low wages may not be as great a cause for dissatisfaction in a depressed community, where unemployment is substantial and wages generally low, as are the same low wages in an area where there is greater affluence visible nearby—as, for example, in central city ghettos surrounded by affluent suburbs.

Taken together, these data indicate convincingly that job feelings, reflecting the gratifications and deprivations of the work situation, bear a pronounced relationship to broader psychological well-being. Job satisfaction measures will clearly serve as a good beginning point in the develop-

TABLE 14. JOB SATISFACTION AND MENTAL HEALTH RATING[1] OF MEN AND NEVER-MARRIED WOMEN AT DIFFERENT SOCIOECONOMIC LEVELS[2]

Level of job satisfaction	Total		Socioeconomic status					
			Low		Middle		High	
	Job satisfaction distribution	Mental health rating	Job satisfaction distribution	Mental health rating	Job satisfaction distribution	Mental health rating	Job satisfaction distribution	Mental health rating
Total: Number	914.0		272.0		322.0		320.0	
Percent	100.0		100.0		100.0		100.0	
Very much	57.5	0.45	43.0	0.58	51.6	0.46	75.6	0.39
Fairly much	27.9	.59	36.0	.57	32.9	.50	15.9	.49
Not so much	8.1	.52	12.5	.63	8.4	.58	4.1	.52
Not at all	3.9	.67	4.1	.68	5.9	.65	1.9	.71
Don't know, no answer	2.6		4.4		1.2		2.5	

[1] The larger the rating, the worse the mental health of the group. The average rating is by definition .50.

[2] Based on occupation, education, income, and rent.

NOTE: Detail may not add to totals due to rounding.

SOURCE: Based on data from a random sample of individuals, aged 20 to 59, selected from dwelling units in midtown Manhattan, reported in Thomas S. Langner and Stanley T. Michael, *Life Stress and Mental Health* (New York: The Free Press of Glencoe, 1963), p. 309.

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[49] Although not all differences were found to be statistically significant, the trends were, with limited exception, consistent and in the "right" direction. To be noted also is the tendency for differences in mental health ratings to be reduced as satisfaction is controlled.

[50] Bradburn and Caplovitz, op. cit.

TABLE 15. JOB SATISFACTION AND LEVEL OF HAPPINESS OF EMPLOYED MEN

[Percent distribution]

Level of happiness [1]	Job satisfaction index [2]		
	Low	Medium	High
Total: Number	127	153	72
Percent	100	100	100
Very happy	13	36	56
Pretty happy	70	59	42
Not too happy	16	5	1

[1] Respondents' answers to the question: "Taking all things together, how would you say things are these days—would you say you are very happy, pretty happy, or not too happy?"

[2] Index combining satisfaction with different aspects of work. The basis for dividing respondents into the three groups is not specified.

NOTE: Detail may not add to totals due to rounding.

SOURCE: Based on data from a sample of employed men, aged 25 to 49, in four Illinois communities, reported in Norman M. Bradburn and David Caplovitz, *Reports on Happiness* (Chicago: Aldine Publishing Co., 1965), p. 37.

ment of more general measures of the quality of employment.

Development Needs

Although the information now available clearly permits tentative conclusions, it does not justify confident judgments about the psychological impact of work on broad population groups or on changes in job satisfaction over time. Few agencies outside the Federal Government can engage in the broad survey activities needed to produce reliable and comprehensive data. Existing data-gathering systems might well be reviewed now to determine what modifications are required to elicit, on a continuing basis, comprehensive data on the attitudes of workers toward their occupational situation generally and toward specific facets of their employment. Such data would be of inestimable value in gaging the character and magnitude of changes in the quality of work for the labor force as a whole and its principal subgroups.

In addition to fairly broad and direct measures of the psychological impact of employment obtainable through labor force surveys, far more complete information about specific conditions of employment is much needed. Comprehensive data about such factors as the number and scheduling of working hours, vacation and holiday provisions, retirement arrangements, and participation in training and other developmental activities can help in evaluating the individual and social significance of different conditions of employment.

Indicative of the value of focusing on particular features of employment is the study of shift work already cited.[51] By both confirming and extending the findings of earlier investigations, this research seems to justify some fairly confident conclusions about the negative effects of different shift arrangements. Unfortunately, however, the absence of comprehensive data on the prevalence and incidence of various patterns of working hours precludes an adequate assessment of the pervasiveness of shift-related problems. With the collection of comparable information on this and other significant aspects of working conditions, it should be possible to develop a reasonably comprehensive set of measures of the overall context of work.

If meaningful and generally acceptable indexes of the quality of employment are to be developed, however, the current limited efforts to refine concepts and measures, and to expand research on the complex interrelationships among the characteristics of the individual, his job, and his environment must be greatly intensified. Efforts to date have served the more limited objectives of employers and academic scholars better than the much broader and more stringent requirements of national planning.

Largely for this reason, a wide range of basic questions now needs to be translated into research. There is, for example, far too little information available to make firm judgments about differences in the meaning of work for various segments of the population, particularly ghetto residents and others who have had only limited employment opportunity. Nor is there yet a sufficient factual basis for conclusions about the work values and expectations of youth entering the labor force and how they are subsequently molded by employment experiences. Research on such questions is beginning, but for the present, at least, they are largely imponderable. A much broader data-gathering effort will be required to provide the amount and types of information in this area essential to effective policy and program planning.

In the long run, it is hoped that ways also can be found to overcome the national propensity to define as problems and regard as progress only those conditions that lend themselves to quantitative measurement. The goodness of life of individuals, and the planning designed to improve life, must encompass dimensions not amenable to precise measurement.

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[51] Mott and others, op. cit.

LABOR STANDARDS PROTECTION

Longstanding recognition that work can, under certain conditions, have negative consequences for the worker has led, over the years, to the development and application of a variety of protective labor standards designed to cope with specific employment hazards. These standards—whether defined by laws, collective bargaining agreements, or simply generally accepted practice by employers—have protected the welfare of individual workers, and have also been an essential component of the Nation's broad effort to enhance the well-being of its workers and their dependents.

The protections afforded workers who suffer low wages and loss of income because of unemployment, illness, or accident have been discussed earlier in this chapter. Other hazards a worker may meet include unreasonably long hours or unsafe working conditions, nonpayment of wages, lack of compensation and medical care in case of illness or injury, work at too early an age, unsatisfactory employer-employee relationships, exploitation by private employment agencies, or discrimination because of race, age, sex, or other conditions.

The development of labor standards, as a protection against these hazards, has been a continuous rather than a static process. Their evolution has reflected changes in technology and other factors in the working environment and also an improved understanding of how working conditions affect the worker.

Both the Federal and State governments have established labor standards by law and administrative regulation. Federal legislation applies equally to workers within the coverage of the law, throughout the Nation. Under State legislation, however, there are inevitable differences in provisions from one part of the country to another, affecting both workers and employers. Employment conditions and problems vary greatly among the States—notably between those highly industrialized and those still largely agricultural. In some States labor unions have organized large proportions of the workers, with consequent improvement in working conditions. In others, such organizations are weak, and their efforts to improve working conditions have been less effectual.

This section attempts to assess the extent of protection workers may count upon under State laws, by no means an easy task. Evaluation of labor legislation does not lend itself readily to quantification. Differing premises and judgments are bound to enter into appraisal of the quality of laws. Nevertheless, some consensus has developed as to what constitutes desirable legislation in various areas of public concern. The basic recommended standards reflect both State and Federal experience. They represent the result of extensive consultation and exchange of expert judgment at both the technical and policymaking levels.

The need for positive, cooperative action by employers to improve the quality of employment must be emphasized also. More systematic exchanges of experience and a new kind of cooperative searching for good solutions to labor standards problems are needed—forward steps which ordinarily cannot and should not involve legislative prescription.

The Labor Standards Index

While recognizing the limitations of any effort to attach a numerical value to the status of labor laws, the Department of Labor has undertaken an experimental effort to develop a Labor Standards Index that measures the extent to which State laws approximate the recommended standards.[52] The index measures only the provisions of the laws, not performance. Federal legislation is not included. Several major areas of Federal legislation have, however, been discussed in earlier sections of this chapter (unemployment insurance, OASDHI, and the minimum wage standards of the Fair Labor Standards Act).

The Labor Standards Index covers eight major areas in which States have adopted protective legislation. As of 1965, several States still lacked legislation in some of the areas. Fifteen States, for example, had no minimum wage laws; 13 did not provide protection against discrimination because of race, color, religion, or national origin; 28 did not protect older workers against discrimination because of age. And varying numbers of States had failed to meet the basic standards in other areas.

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[52] The index was constructed for eight selected subject fields, by assigning weights to major provisions of the relevant standards and providing partial credit (against a maximum score of 100) based on the extent to which a given legislative provision met the recommended standard. The index included a State-by-State score for each of the eight labor standards, a national score for each standard, and a composite index for the combined standards in the 50 States.

The average scale for all States on the Labor Standards Index was 53 when the index was constructed in 1965—indicating a gap of nearly 50 percent between the laws then in effect and the recommended standards. The variation was wide, ranging from a score of only 15 for one State to a high of 90 for another. A comparison of the national average ratings for each of the eight labor standards areas also showed great differences. (See table 16.)

The regional variation was similarly wide. Of the 25 States with scores below the average, only one was in the Northeast, whereas seven were in the North Central region, 13 in the South, and four in the West.

For the most part the low-ranking States were either those not yet highly industrialized or those in which industrialization is only now proceeding at a fairly rapid rate. With the recognized advantages of industrialization comes realization of the worker needs it brings with it and growing public support for meeting these needs through improved labor laws and standards. Progress in this area has therefore traditionally followed upon industrial development. It may be assumed that labor and other support for improved standards in newly industrializing States will help these States catch up with those where industrialization occurred earlier.

TABLE 16. AVERAGE RATING ON LABOR STANDARDS INDEX, BY LABOR STANDARDS AREA, 1965

Labor standards area	Number of States[1] with laws in specified areas	Average rating of all States on index
Occupational safety and health	50	64
Child labor	50	59
Workmen's compensation	50	54
Wage payment and wage collection	47	61
Private employment agencies	46	64
Fair employment practice	37	54
Minimum wage	35	40
Antiage discrimination	22	26

[1] Excludes the District of Columbia.

What the lack of protection means to individual workers cannot be measured, but it is possible to indicate how many have the least protection. Nearly 40 percent of the country's nonagricultural workers were employed in the States that fell below the average rating (53) on the index. The following tabulation shows the distribution of workers among States with high and low ratings:

Rating of State on Labor Standards Index	*Number of States*	*Percent distribution of nonagricultural employment*
Total	50	100
Less than 25	2	2
25 to 49	20	28
50 to 74	19	34
75 and over	9	36

The States with the greatest deficiencies in their labor laws also tend to be those where workers are most disadvantaged in other ways. Of the 23 States where the incidence of family poverty was greater than the national average in 1959 (the latest date for which such information is available), 20 ranked among the lowest on the Labor Standards Index. It is significant also that States with below average scores on the index were also below average in union membership.

Since the Labor Standards Index was constructed in 1965, several States have adopted new legislation in one or another of the eight areas included in the index. An even greater number have passed amendments to their labor standards legislation.

A full evaluation of the new legislation and amendments has not been possible as yet. When the progress made by many States in updating their laws is reflected in the index, this will undoubtedly raise the average score somewhat, and also bring a few States formerly at the low end of the scale into the middle or upper range. However, many of the States that have improved their laws already had high LSI scores in 1965. Relative differences in labor standards protection among the States probably remain much as they were 3 years ago.

Needed Improvements in the Index

The Labor Standards Index is admittedly a rough measure of legislative adequacy. It has cer-

tain shortcomings which can be eliminated by further refinement. Perhaps the most serious is the fact that it does not incorporate weighting for the relative importance of different kinds of labor laws, and so fails to indicate where action is most needed.

Since labor standards are in constant change, reflecting changing conditions, the first and most urgent need is to reassess constantly not only the index itself, but also the whole basis of the index, to make sure that both are up to date. Changing technology, growing recognition of workers' needs, and increased understanding of the psychological as well as the physical factors in well-being demand constant, watchful care. In addition to serving as a measurement of the current situation, the index has great possibility as an indicator of future program direction.

The index should look beyond the laws. More knowledge of actual working conditions is essential to the development of an adequate indicator of progress toward social and individual well-being. What are the most important labor standards? How are social, economic, and other changes affecting them? Do presently accepted labor standards adequately reflect current thinking? What are the actual consequences for workers of inadequate labor standards protection?

The LSI as presently constructed does not measure the impact of labor laws for the workers concerned. A law, however good, if not enforced or if poorly administered, has little or no protective effect. In the final analysis, the adequacy of labor standards legislation must be measured by the extent to which it meets the current needs of the workers it was designed to help. Assessment of administration is an essential component of an improved index.

Equality of Opportunity

Equality of opportunity is a goal which must be sought in every aspect of our national life. It is one which has been denied all too often by discrimination on the basis of race, color, sex, age, religion, national origin, lack of education, or even locality. This section, however, is concerned only with equality of opportunity for ethnic minority groups—in jobs, earnings, and the chance for advancement and a satisfying work life.

The legal framework for rapid implementation of equal opportunity, presumed the birthright of every American, was set by the Civil Rights Act of 1964 and related legislation. Together with court decisions and executive orders, and supported by the civil rights movement, these laws gave hope of rapid improvement in the social and economic situation of ethnic minorities, including Mexican Americans, Puerto Ricans, and American Indians, as well as Negroes.

The complexity and the interaction of the various manifestations of discrimination and segregation have become increasingly apparent, however, as efforts to implement the Civil Rights Act have proceeded. It is now clear that occupational advancement may be handicapped as much by discrimination in education and training earlier in the worker's life as by bias in hiring and promotion, and that the available jobs are often geographically inaccessible to the poor in both central city ghettos and rural areas. It has become evident, too, that discrimination and segregation can raise psychological barriers that need to be resolved before minority manpower can compete for jobs on an equal basis.

Thus, in measuring progress toward equal economic opportunity, indicators such as employment and unemployment are not enough. One must look also to educational trends and patterns of segregation in education and housing, and to changes in income levels. Rising income not only gives evidence of progress toward a better life but also reflects the ability of minority families to give their children the education and training needed for full participation in employment opportunities.

Furthermore, progress toward equality of opportunity cannot be assessed merely in terms of advances made by the minority groups. The gap in economic status between them and the white majority must be closed. This is a crucial objective, but not an easy one to reach in view of the rapid economic advances made by the majority.

NEGROES

The Negro population has made substantial gains in employment, education, and income during the 1960's measured in absolute terms. The relative Negro-white gap has narrowed in some areas but broadened in others.[53]

In interpreting this record, it is important to keep in mind certain demographic handicaps to more rapid upward movement. In 1966, more than half the Negro population, double the proportion of whites, lived in the South, where educational attainment and average incomes are generally lower than in other regions. And although Negroes have been migrating from the rural South, much of this movement has been into major industrial cities, where they have had difficult adjustment problems, partly because of the shrinking employment opportunities in unskilled manual jobs.

Employment and Unemployment

The number of employed nonwhite workers[54] rose from 6.9 million to 8.0 million between 1960 and 1967, an increase of 16 percent. During the same period, employment of white workers rose by only 13 percent. (See table 17.)

Unemployment rates for nonwhite workers, as for whites, have dropped since the early 1960's. Nevertheless, unemployment rates for nonwhites are still slightly more than twice those for whites (7.4 compared with 3.4 percent in 1967).

No inroads have been made into the extremely serious problem of nonwhite teenage joblessness. (See chart 12.) While the unemployment rate for

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[53] See also the chapter on Trends in Employment and Unemployment for a discussion of recent developments in the employment situation of nonwhite persons. For a more extensive discussion, see *Social and Economic Conditions of Negroes in the United States* (Washington: U.S. Department of Labor, Bureau of Labor Statistics, and U.S. Department of Commerce, Bureau of the Census, October 1967), BLS Report No. 332 and Current Population Reports, Series P-23, No. 24. This report has been drawn upon to a considerable extent in the present discussion.

[54] Only limited data for Negroes are available. However, statistics for nonwhites generally reflect the conditions of Negroes, who represent 92 percent of all nonwhites.

TABLE 17. EMPLOYED AND UNEMPLOYED PERSONS, BY COLOR, 1960–67

[Numbers in thousands]

Year	Employed		Unemployed	
	Nonwhite	White	Nonwhite	White
1960	6, 927	58, 850	787	3, 063
1961	6, 832	58, 912	970	3, 742
1962	7, 004	59, 698	859	3, 052
1963	7, 140	60, 622	864	3, 208
1964	7, 383	61, 922	786	2, 999
1965	7, 643	63, 445	676	2, 691
1966	7, 875	65, 019	621	2, 253
1967	8, 011	66, 361	638	2, 338
Change, 1960-67:				
Number	1, 084	7, 511	−149	−725
Percent	16	13	−19	−24

white teenagers dropped as the economic climate improved, among nonwhite teenagers the rate in 1967 was actually higher than in 1960. One out of every four nonwhite teenagers was unemployed in 1967, almost 2½ times the proportion for white teenagers, whereas in 1960 the ratio was less than 2 to 1. Furthermore, the Neighborhood Youth Corps and other recent programs have probably had more impact on unemployment among nonwhite teenagers. In the absence of these programs the situation might well have been far worse.

Among older nonwhite workers, however, the rate of joblessness has been reduced significantly. For married nonwhite men 20 years old and over, unemployment rates declined especially fast. Although the nonwhite rate is twice that for married white men, the differential is narrower than in 1962 (when it was 2½ times the rate for whites). (See chart 13.)

Occupational Changes

Substantial gains have been recorded also in the occupational distribution of adult nonwhite workers. In the high-skill, high-status, high-paying occupations, the percentage increase of nonwhite workers has exceeded that of white workers, with most of the gains—aided by sustained economic growth and a tightening job market—occurring in the last few years. Thus, the occupational gap is narrowing although slowly. (See table 18.)

The increase of nonwhite jobholders in professional and clerical occupations was particularly significant, as was also their increase in skilled occupations. Nonwhite employment gains in these occupations and in operative jobs in steel, automobiles, and other durable goods manufacturing industries where pay rates are high, accounted for 900,000 of the 1 million added jobs for nonwhites that developed from 1960 through 1966. However, the numbers and proportions of nonwhites in these occupations were so small at the beginning of the decade that, despite these major advances, almost 45 percent of the nonwhite men and 60 percent of the nonwhite women were employed in service, laborer, and farm jobs in 1966—more than double the proportions for white workers.

Not measurable statistically, but important in their implications for the future, are the breakthroughs Negroes have made into many white-collar occupations previously closed to them, the opening up of more apprenticeship opportunities, the upgrading of Negroes employed in the Federal Government (which has been much more rapid than for whites), and similar manifestations of progress toward equality of occupational opportunity.

While it is difficult to determine the extent to which job discrimination is responsible for the unequal occupational distribution of Negroes, or to measure trends in job discrimination, the upward movement of Negroes into the better paying occupations would seem to reflect a lessening of discrimination as well as the better educational preparation of young Negroes now entering the labor force.

An analysis of compliance reports by the Equal Employment Opportunity Commission, covering essentially employers of 100 or more workers, reveals significant industry differences in the extent of minority employment. These data underrepresent agriculture, small business services, government, and nonprofit organizations, and overrepresent manufacturing generally, as well as certain specific manufacturing industries. They do, nevertheless, provide insight into minority employment at the present time; they will also provide a measure of change in the years to come.

According to the Commission's 1966 data, Negroes are generally concentrated in industries where a large proportion of the jobs are in low-wage occupations. As higher paying jobs increase in an industry, the probability of Negro employment in it is lowered. This phenomenon is more marked for Negro men than for women. But for both, employment relative to that of Anglos is many times greater in low-wage than high-wage industries.[55] (See table 19.)

When the occupational position of Negroes in the industries studied is compared with that of white workers having the same amount of education, considerable discrimination is indicated. The overall occupational position of Negro men was estimated to be 23 percent below that of whites, with differences in educational attainment accounting for a third of this difference (or perhaps as much as half if allowance is made for qualitative differences in education). The remaining difference is largely attributable to anti-Negro bias.

It appears that, in the industries studied, occupational discrimination against Negro men increases in direct relation to the concentration of Negroes in the industry, to the ratio of well-paid occupations in the industry, to the level of education of the Negroes involved, and to the proportion of the industry's employment found in the South.

For Negro women the discrimination is more limited, and they are not penalized as their educa-

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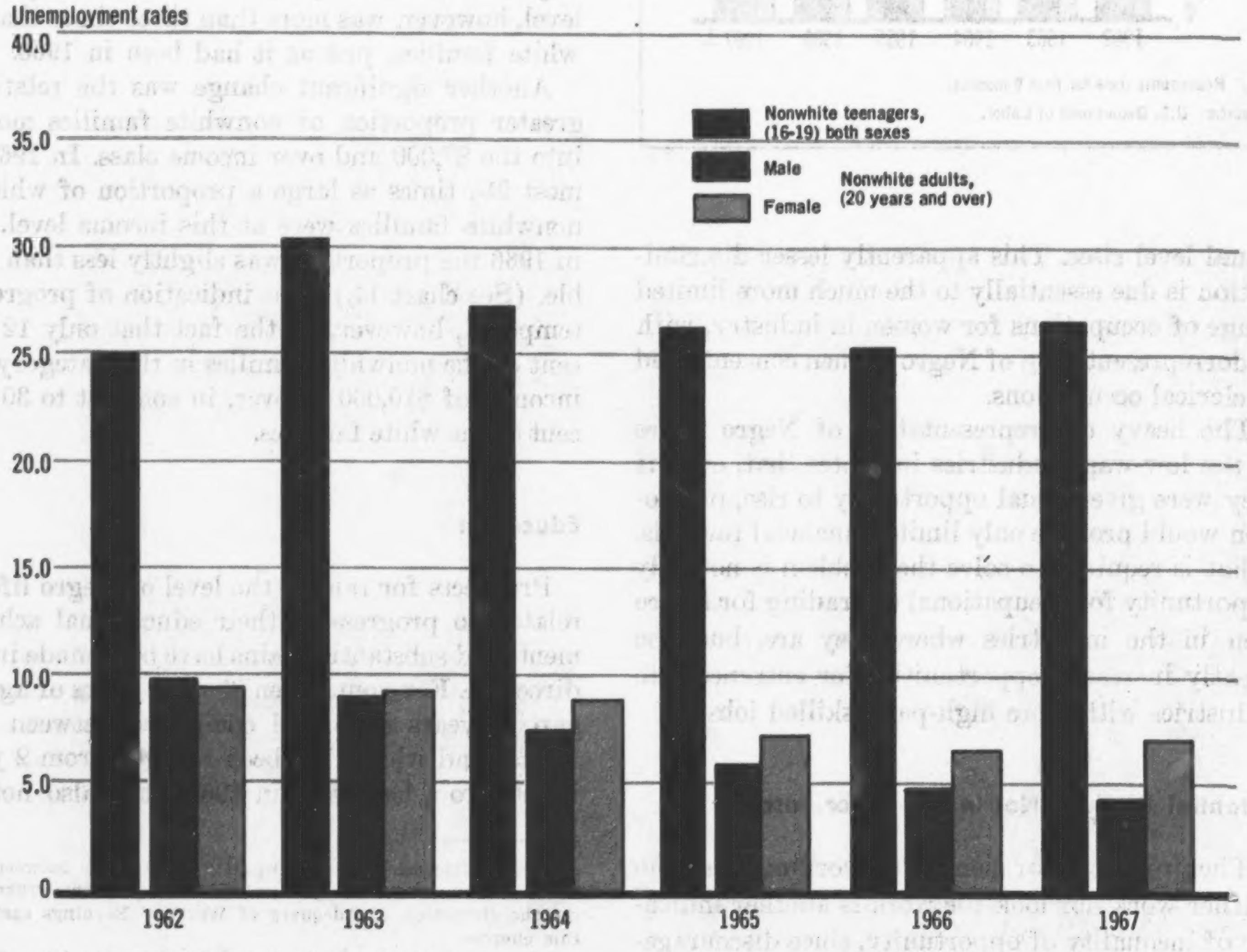
[55] Data were gathered for the ethnic minorities. The term "Anglos" was used to distinguish whites who were members of other than Spanish surname groups.

CHART 12

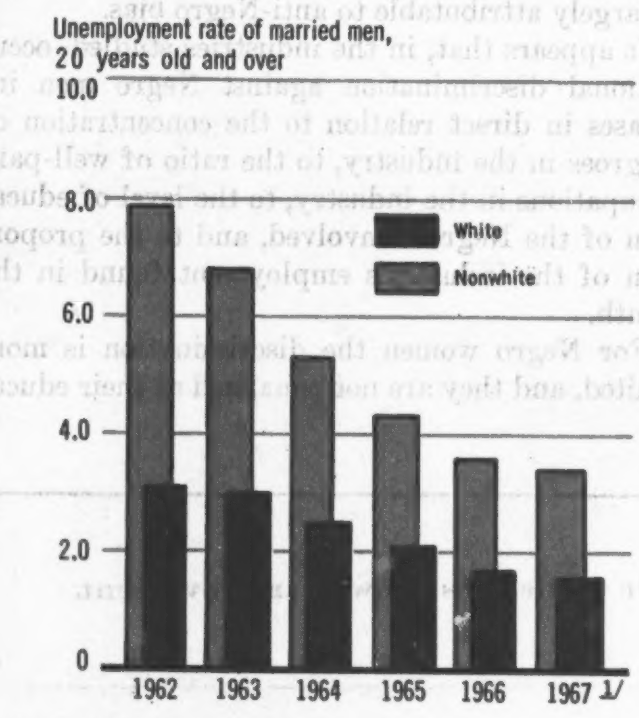
Excessive unemployment rates for nonwhite teenagers show no improvement.



Source: U.S. Department of Labor.

CHART 13

Although the unemployment rate for nonwhites declined by more than half between 1962 and 1967, it was still twice as high as for whites.



1/ Represents data for first 9 months.
Source: U.S. Department of Labor.

tional level rises. This apparently lesser discrimination is due essentially to the much more limited range of occupations for women in industry, with underrepresentation of Negro women concentrated in clerical occupations.

The heavy overrepresentation of Negro males in the low-wage industries indicates that, even if they were given equal opportunity to rise, promotion would promise only limited financial rewards. What is required to solve the problem is not only opportunity for occupational upgrading for Negro men in the industries where they are, but also greatly increased opportunities for entrance into industries with more high-paid, skilled jobs.

Potential Workers Not in the Labor Force

The proportion of men in the working ages who neither work nor look for work is another indicator of inequality of opportunity, since discouragement in finding jobs is an important reason for being outside the labor force (as indicated earlier in this chapter). Nonwhite men are less likely to be in the work force than are white men—except in age groups under 24 where the longer school attendance of white youth outweighs other factors affecting labor force participation. Between 1960 and 1967 the proportion of nonwhite men 25 to 64 years of age not in the labor force rose from 73 to 91 per 1,000 people; among white men, the increase was less—from 47 to 55.

Family Income

Average income remains much lower for Negro than for white families, despite some narrowing of the differential.[56] Negro median family income represented only 58 percent of the median for white families in 1966 compared with 54 percent in 1964.[57]

Most encouraging was the marked reduction in the percentage of nonwhite families living in poverty. The nonwhite proportion below the poverty level, however, was more than three times that for white families, just as it had been in 1960.

Another significant change was the relatively greater proportion of nonwhite families moving into the $7,000 and over income class. In 1960 almost 2½ times as large a proportion of white as nonwhite families were at this income level. But in 1966 the proportion was slightly less than double. (See chart 14.) This indication of progress is tempered, however, by the fact that only 12 percent of the nonwhite families in this category had incomes of $10,000 or over, in contrast to 30 percent of the white families.

Education

Prospects for raising the level of Negro life are related to progress in their educational achievement, and substantial gains have been made in this direction. For young men 25 to 29 years of age the gap in years of school completed between nonwhites and whites has been reduced from 2 years in 1960 to a half year in 1966. It is also notable that, between 1960 and 1965, the proportion of Negro men 25 to 34 who graduated from college almost doubled; for Negro women the relative gain was smaller but significant. Today, moreover, young Negro men are obtaining more schooling than Negro women, a reversal of the pattern that had long persisted among Negroes and an indication of the growing opportunity for the educated Negro male.

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[56] For a discussion of the disparity in earnings between nonwhite and white workers that underlies these income differences, see the discussion of Adequacy of Workers' Earnings earlier in this chapter.

[57] Figures for Negro family income, as separate from all nonwhite, are available only from 1964.

Educational attainment, as measured by years of schooling, gives no indication, however, of whether differences in the quality of education, as measured by achievement tests, are being reduced. The Coleman Report,[58] based on a 1965 national survey, shows that at the 12th grade, the average Negro youth is performing at a ninth-grade level, whereas the average white youth is performing well above the 12th grade level. The gap in achievement level, apparent early, broadens between the sixth and 12th grades. Comparable data for 1960 are not available, and it is thus impossible to gage the progress achieved through the aid to poor school districts provided under the Elementary and Secondary Education Act and other remedial programs.

Progress and Retrogression

A picture of both progress and retrogression emerges from these figures. The growing proportion of Negro families with moderate incomes or better, the larger number of Negro males graduating from college, and the growth in representation of Negroes in professional, technical, and other white-collar occupations augur well for the talented group that has been able to upgrade itself and take advantage of available opportunities.

But at the other end of the scale are the rural poor and the slumdwellers. Some advance for them is evidenced by the reduction in the proportion of families with incomes of less than $3,000. But many slum residents appear to be in a deteriorating economic position.

A 1965 census survey of Cleveland, for example, points both to advances for some of the Negro population and to retrogression for others. Thus, Negroes living in sections of the city outside low-income neighborhoods doubled in number between 1960 and 1965. And the poverty ratio among them declined more than three times as much as for whites outside these neighborhoods.

However, in the lowest income neighborhood—the so-called "crisis ghetto," which is predominantly Negro—conditions deteriorated sharply. Population declined somewhat, but the number of people living in poverty rose, as the number of

TABLE 18. EMPLOYED PERSONS BY OCCUPATION AND COLOR, 1967, AND PERCENT CHANGE, 1960–67

[Numbers in thousands]

Occupation	Number, 1967		Percent change, 1960–67 [1]	
	Nonwhite	White	Nonwhite	White
Total	8, 011	66, 361	15. 6	12. 8
Professional, technical, and managerial workers	801	16, 574	58. 0	17. 8
Clerical workers	899	11, 435	78. 7	23. 6
Sales workers	138	4, 387	39. 4	4. 6
Craftsmen and foremen	617	9, 229	48. 7	12. 9
Operatives	1, 882	12, 002	33. 4	14. 3
Service workers, except private household	1, 519	6, 037	25. 4	27. 2
Private household workers	835	934	−15. 8	−13. 9
Nonfarm laborers	899	2, 635	−5. 4	4. 1
Farmers and farmworkers	423	3, 130	−49. 6	−27. 1

[1] The data for 1960 used to compute the percent change for the period 1960–67 were estimated for persons 16 years and over by color.

NOTE: Detail may not add to totals due to rounding.

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[58] James S. Coleman, *Equality of Educational Opportunity* (Washington: U.S. Department of Health, Education, and Welfare, Office of Education, 1966), p. 21.

TABLE 19. EMPLOYMENT OF MINORITY GROUPS AND ANGLOS, BY OCCUPATION AND SEX, 1966 [1]

[Numbers in thousands; percent distribution]

Occupation	Men					Women				
	Negro	Oriental	American Indian [2]	Spanish American [3]	Anglo	Negro	Oriental	American Indian [2]	Spanish American [3]	Anglo
Total: Number	1, 472	86	39	453	15, 962	648	46	17	202	7, 228
Percent	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0	100. 0
Professional and technical workers	2. 0	29. 3	6. 6	4. 7	13. 9	6. 1	18. 2	5. 6	3. 6	7. 4
Managers, officials, and proprietors	1. 0	7. 0	6. 5	2. 5	12. 0	. 7	1. 9	2. 2	. 8	2. 6
Clerical workers	2. 7	8. 3	3. 9	5. 1	7. 1	17. 5	41. 1	21. 7	24. 1	40. 8
Sales workers	1. 3	4. 8	4. 7	3. 0	7. 4	4. 0	5. 9	12. 5	6. 9	9. 3
Craftsmen	7. 9	13. 6	19. 3	13. 9	20. 4	2. 4	2. 3	5. 1	4. 8	2. 8
Operatives	37. 2	14. 0	29. 9	32. 1	25. 5	24. 9	11. 4	24. 2	29. 8	21. 7
Service workers	18. 1	12. 1	6. 7	12. 2	5. 4	30. 3	12. 2	16. 9	12. 4	9. 1
Laborers	29. 8	10. 9	22. 3	26. 4	8. 4	14. 1	7. 0	11. 8	17. 6	6. 4
Percent of total population (including Anglos) employed	8. 2	. 5	. 2	2. 5	88. 6	7. 9	. 6	. 2	2. 5	88. 9

[1] The data were collected from employers with 100 or more workers.

[2] Nonreservation Indians.

[3] Includes both Puerto Ricans and Mexican Americans.

NOTE: Detail may not add to totals due to rounding.

SOURCE: Equal Employment Opportunity Commission Compliance Reports.

low-income families headed by women increased. For such families median real income dropped 15 percent, while in the rest of the city it was moving upward. The unemployment rate for men was 15 percent and for women, 17 percent—in both cases, substantially higher than in 1960. The 1965 census of the Watts area of South Los Angeles yielded very similar findings. Some of the deterioration in the low-income neighborhoods probably stemmed from out-migration of people who could afford to move and in-migration of poorer ones.

OTHER ETHNIC MINORITY GROUPS

The main ethnic minority groups in the United States, in addition to Negroes, are Mexican Americans, Puerto Ricans, and American Indians. All are economically disadvantaged, though their difficulties differ in both kind and degree.

These groups suffer from limited education and language barriers. High unemployment and low incomes are a reflection of their inability to advance into fields of work which might offer hope for improved economic conditions. Discrimination is another factor inhibiting their advancement.

Mexican Americans

The Mexican Americans in the United States live almost entirely in the Southwest (Arizona, California, Colorado, New Mexico, and Texas), with about 80 percent concentrated in Texas and California. The Mexican American population in the Southwest increased from 3.5 million in 1960,[59] to an estimated 4.6 million in 1967, and will reach

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[59] "Persons of Spanish Surname" is the title used by the Census Bureau to denote all persons of Spanish or Mexican origin in the Southwest. Since most of the Spanish surname population of the Southwest are persons of Mexican descent, the designation of "Mexican Americans" is used here to refer to this population group. It includes natives of native parentage, natives of foreign parentage, and immigrants. (The section on Mexican Americans in the *1964 Manpower Report of the President* limited its discussion to Mexican Americans born in Mexico and the natives born of immigrant parents.)

5 million by 1970.[60] About 85 percent of the population were born in the United States, and the vast majority lives in cities.

Mexican Americans share many of the difficulties of other minority groups. Language and physical characteristics set them apart from the rest of the population. They tend to live in segregated communities and have little education and an above-average rate of unemployment. And they are employed for the most part in low-status, low-paying jobs. The competition of Mexicans who move back and forth across the border compounds economic difficulties for those in the border States.

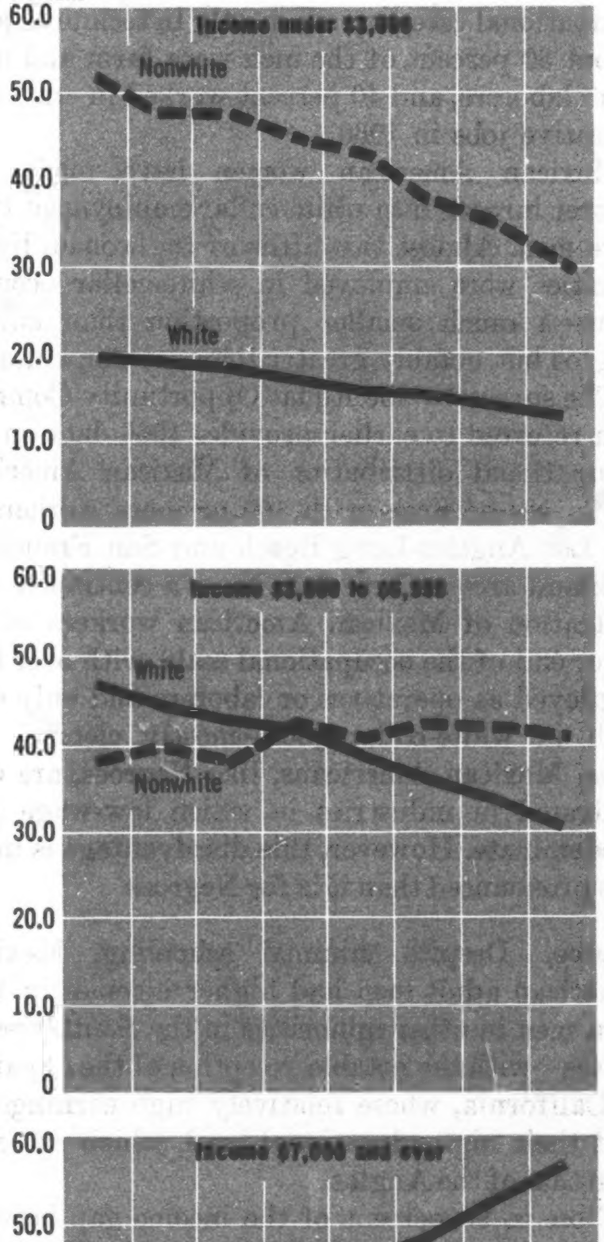
Despite the large numbers of Mexican Americans in the United States, there are no data of national scope subsequent to 1960, by which their economic and social situation can be measured. If the trends evident between 1950 and 1960 have continued—namely, the movement from rural to urban locations and from lower income to higher income areas (particularly to California)—the standard of living of Mexican Americans as a group should be rising in absolute terms. There are indications, too, that the native-born members of the group are raising their educational sights and that, to some extent, the young people are moving into better occupations. But no definitive judgment can be made as to whether the educational, occupational, and income gap between Mexican Americans and Anglos has narrowed substantially.

Education. Among the minorities, only the Indian has poorer educational preparation than the Mexican American. In 1960, the median years of school completed by Mexican American men aged 25 and over in the Southwestern States ranged from 4.8 in Texas to 8.5 in California. In all these States, the figure was at least 3½ years below that for Anglo men.

The gap in schooling between Mexican Americans and Anglos is narrower among younger men who have completed their education more recently. In 1960, the difference in educational attainment for those aged 14 to 24 was only 2 years in the Southwest generally, and little more than a year in California. However, the proportion of Mexican American young people completing high school is small and the proportion completing college even smaller.

CHART 14

Percent of nonwhite families with income under $3,000 has dropped sharply but is still twice that for whites.



Source: U.S. Department of Labor, based on data from U.S. Department of Commerce.

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[60] From an unpublished estimate prepared by the U.S. Department of Labor, Bureau of Labor Statistics.

Occupational Distribution. Mexican American men are found primarily in manual occupations. To the extent that they hold white-collar jobs, these tend to be in small establishments in retail trade. Those few in the professional and technical occupational category are mostly in technical jobs. About 30 percent of the men were farm and nonfarm laborers, and 40 percent worked in craft and operative jobs in 1960.

Mexican American women have made far greater inroads into white-collar employment than have men. Almost two-fifths of the women living in cities were employed in white-collar occupations—a much smaller proportion than among Anglos but notably greater than for nonwhites.

The survey by the Equal Opportunity Commission referred to earlier provides 1966 data on the occupational distribution of Mexican American employees of firms with 100 or more workers in the Los Angeles-Long Beach and San Francisco-Oakland areas. These data show a continued concentration of Mexican American workers at the lower end of the occupational scale, with over half employed as operatives or laborers and only one-fifth in white-collar jobs—mostly clerical and sales. Mexican Americans, like Negroes, are concentrated in industries in which low-wage jobs predominate. However, this disadvantage is much less pronounced than it is for Negroes.

Income. Despite minimal schooling, Mexican American adult men had higher incomes in 1960 than men in other minorities in the Southwestern States—with the notable exception of the Japanese in California, whose relatively high earnings reflect their high educational level, which exceeded even that of the Anglos.

Close to 90 percent of the income gap between Mexican American and Anglo men in California is associated with differences in level of education, and the situation is much the same in other States. The remaining relatively small income gap may be attributed to wage and occupational discrimination, as well as to differences in quality of education.

East Los Angeles Survey. More recent insights into the economic situation of Mexican Americans in California slum areas are provided by a special 1965 census survey of East Los Angeles—a low-income area in which some three-fourths of the population (35,000) are Mexican Americans. In general, the findings support the view that, for those who do not escape from the slums, there has been little, if any, improvement in the quality of life.

The Mexican American population of East Los Angeles rose by 7,400 between 1960 and 1965. This was the net result of an increase of more than 9,000 in the foreign-born population and a reduction of some 2,000 in the native-born population—probably reflecting the movement of the more prosperous families into better neighborhoods.

Unemployment rates in the area showed some improvement over the 5-year period—declining from 9.2 to 7.8 percent for Mexican American men, and from 8.1 to 7.1 percent for women. These 1965 rates were still well above the 6 percent unemployment rate for the Los Angeles-Long Beach area as a whole, but considerably below those in the predominantly Negro South Los Angeles district.

The occupations of Mexican American men showed the same concentration in manual jobs in 1965 as in 1960, with the largest proportion in operative and kindred jobs (42 percent) and only minimal representation in white-collar employment.

Developments in the educational situation of the Mexican American population in East Los Angeles were both favorable and unfavorable. The proportion of the school-age population enrolled in school rose from 52 to 60 percent between 1960 and 1965. Enrollments in high school and in college also increased. However, among Mexican Americans aged 25 or over, median school years completed declined slightly—from 8.1 to 7.7. Factors which may have contributed to this decline were the greater proportion of men aged 60 and over in the population in 1965, as compared with the earlier date, and the increased proportion that were Mexican born.

The median income of the Mexican American families in East Los Angeles remained about the same between 1959 and 1964 ($5,089 as compared to $5,052). These figures make no allowance, however, for the sharp rise in living costs during this period.

Puerto Ricans

Puerto Ricans are American citizens, predominantly of the white race, but they share with other minority groups the problems of low educational attainment and language barriers, the difficulties of finding work in the higher status, higher paying jobs, and unemployment rates much above the national average.

The overriding difficulty in an attempt to assess the present social and economic situation of Puerto Ricans is the almost complete lack of data. Special studies yield limited information. The little information available on Puerto Ricans in New York City—where two-thirds of the migrants and their children are concentrated—indicates little if any progress in the present decade.[61]

Since 1960, Puerto Ricans have made up a steadily growing proportion of the New York City population—from 8 percent in 1960 to an estimated 11 percent in 1966.[62] Migration to mainland United States is decreasing, however, and is expected to level off at approximately 10,000 annually, from a rate more than twice that high 10 years ago.[63]

The New York Puerto Rican population was estimated at 841,000 in 1966. It is a young population. A large proportion are teenagers—with all the problems of their age group in finding employment, further complicated by lack of language facility, poor education, and discrimination.

Employment and Unemployment. While the number of Puerto Ricans at work in New York City was greater in 1967 than in 1960, their unemployment rate remained higher than for the labor force as a whole. In September 1967, roughly 12 percent of the unemployed in the State of New York were Puerto Ricans.[64]

Indicative of the extreme problem of teenage unemployment among Puerto Ricans are the findings of a sample survey in the Bronx, N.Y., in the spring of 1966. Of all unemployed Puerto Ricans, 24 percent were 14 to 19 years old, and another 19 percent were between 20 and 24 years of age. For Negroes in the Bronx, the comparable figures were 10 and 16 percent, respectively.[65]

Occupational Distribution. Puerto Ricans are employed predominantly in the lower paying jobs. In metropolitan New York in 1960, 71 percent of all employed Puerto Rican men were service workers, laborers, and operatives and kindred workers, compared with only 31 percent of other white men and 61 percent of all nonwhite men. A recent study in New York City[66] emphasizes that, while the percentage of nonwhite men in white-collar occupations is increasing, no such trend is apparent for Puerto Ricans. Between 1960 and 1966 the proportion of Puerto Rican men employed in white-collar occupations remained at about 17 percent. Puerto Rican women, in contrast, made sizable gains in white-collar employment during the 6 years.

It is relevant also that the Compliance Reports of the Equal Employment Opportunity Commission show almost identical occupational distributions of Puerto Rican and Negro men in the New York City establishments covered.

Education. There has been no marked improvement in recent years in the educational level of the Puerto Rican group as a whole. More than 50 percent of both men and women 25 years and older have had less than 8 years of formal education. Only about 13 percent are high school graduates.[67]

There are, however, some indications of upward educational movement among the Puerto Ricans. Children, in general, are better educated than their parents. This is similar to the experience of earlier immigrant groups, but the educational growth appears to be taking place at a slower rate for Puerto Ricans.

Of the Puerto Ricans 20 to 34 years of age living in New York City in 1963, about 37 percent had some high school education, and about 21 percent were high school graduates. In contrast, only 14 percent of the 35- to 49-year-old group had some high school education, and an equal proportion were high school graduates. Among Puerto Ricans aged 50 to 64, the proportion with these levels of education was 10 percent in each case.

But the situation, even for the young, is not encouraging. Ninety percent of the New York City

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[61] *The Puerto Rican Community Development Project* (New York: Puerto Rican Forum, Inc., 1964), p. 30.

[62] Based on New York City Population Health Survey, 1965. The surveys are based on a probability sample of about 5,400 households a year, and thus conclusions are subject to many limitations.

[63] *A Summary in Facts and Figures, Progress in Puerto Rico-Puerto Rican Migration* (San Juan, P.R.: Commonwealth of Puerto Rico, Department of Labor, Migration Division, 1965), 1964–1965 Edition.

[64] Report of the State Employment Service, New York Department of Labor. Based on number of persons who applied for, were receiving, and/or had received all benefits of unemployment compensation and were still unemployed.

[65] "A Profile of the Bronx Economy" (New York: Institute of Urban Studies, Fordham University, n.d.), Household Survey, mimeographed.

[66] M. J. Wantman, "Changes in White-Collar Employment of Nonwhite and Puerto Rican Residents of New York City, (1960–1965)" (New York: The City University of New York, Center for Social Research, n.d.), Population Health Survey, Research Memorandum, mimeographed.

[67] A report on the first citywide Puerto Rican Community Conference, called by Mayor John V. Lindsay, in 1966.

Puerto Rican high school graduates in 1966 received only a general diploma, which is little more than a certificate of attendance. Although there appeared to be some increase in the proportion of Puerto Rican young people in academic and vocational high schools in 1967, there is no significant change in their high dropout rate. Almost two-thirds of the children are retarded in reading. This is not surprising since, of some 227,000 Puerto Ricans in New York City schools in 1967, about 100,000 did not speak English.[68]

Income. Poverty is significantly greater among Puerto Ricans than among any other identifiable racial or ethnic group in New York City. This is in part a consequence of the low educational attainment of the Puerto Rican population, and the low-skilled, low-status jobs at which they work.

The 1966 Bronx survey showed that 30 percent of all Puerto Rican households were below the $3,000 income level, as compared with 29 percent of Negro households and 18 percent of non-Puerto Rican white households. An additional 45 percent of Puerto Rican households reported incomes between $3,000 and $5,000, while comparable rates for Negroes and for other whites were 33 and 18 percent, respectively.

American Indians

American Indians were reported in the 1960 census as numbering 552,000, including all native peoples of Alaska. Since that time the total has grown to well over 600,000. Of this number, somewhat more than 400,000 are reported by the Bureau of Indian Affairs of the U.S. Department of Interior to be residents of Indian reservations. This reservation population has never been accurately identified either by number or by characteristics.

Despite the lack of available data, it is clear that Indians living on reservations are among the most disadvantaged minorities in the country. Many suffer from serious handicaps of poor health, deficient education, unfamiliarity with English, lack of marketable skills, high unemployment, and low income.

These conclusions are based on scattered information limited, for the most part, to reservation and reservation-community Indians. Further complicating appraisal of the situation is the steady and increasingly planned departure of many of the abler members of the Indian communities. It is estimated that net out-migration from the reservations is now approaching 10,000 each year, largely offsetting the high rate of natural population growth. Among this number are hundreds of families whose working members have benefited from vocational training or direct job placement services of the Bureau of Indian Affairs.

Employment and Unemployment. The Indian labor force—defined as all Indians of employable age neither in school nor prevented from working by retirement, ill health, or child-care obligations—is estimated at 130,000, some 10 percent greater than in 1962. About 82,500 of them were at work in 1967, but how many were fully employed is not known. Fragmentary information indicates that some occupational upgrading is taking place, that fewer Indians are working at farm jobs and more at skilled and semiskilled jobs, and that year-round employment is increasing—trends evident since 1950. These advances are minimal, however, when compared with those of the labor force generally.

Since 1962 the Bureau of Indian Affairs has expanded its program to promote the location of manufacturing industries on the reservations. In 1960, nine plants providing a total of 599 jobs were built on or near reservations. By September 1967, the number of plants had risen to 113, employing 5,510 Indians. This development is accompanied by on-the-job training. For persons seeking employment away from the reservation, there is a program of institutional training and job placement that has expanded steadily in recent years.

The usual definition of unemployment is not a satisfactory measure of joblessness on the reservations, because so few job opportunities are available there. Accordingly, the Bureau of Indian Affairs reports as unemployed all members of the reservation labor force (as defined above) who are not at work. The Bureau's semiannual reservation reports show a significant favorable trend. From about 49 percent in 1962, the unemployment rate declined to 41 percent in 1966 and, by 1967, to 37 percent. This reduction of 12 percentage points, when applied to the 1967 labor force of 132,000, indicates that 15,000 more Indians were at work last year than would have had jobs if the 1962 unemployment rate had continued unchanged. This improvement appears to have resulted from recent emphasis on Indian employment opportunities near the reservations and development of reservation-based industries, both greatly strengthened by long-sustained national prosperity.

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[68] Release, Board of Education of the City of New York, November 3, 1967.

Income. Three-fourths of the reservation families had cash incomes of less than $3,000 in 1966, according to estimates by the Bureau of Indian Affairs. Yet Indian families are larger, on the average, than those of any other ethnic group. No other ethnic group approaches so high a proportion of families living in poverty. However, these comparisons make no allowance for substantial Federal services available to Indians.

Education and Training. There are signs of continuing improvement in education of American Indians. School enrollment has been growing steadily. The majority of the children now attend public schools, rather than special Indian schools. Moreover, the education available is showing qualitative improvement, as teaching is improved and extracurricular activities are expanded with financial aid under the Elementary and Secondary Education Act of 1965.

The number of Indians attending college also has shown some growth. In 1966, over 4,000 Indians were enrolled in universities and colleges—1,500 more than in 1957, with half the gain taking place since 1964. In 1966, 120 Indians graduated from 4-year colleges and universities, more than twice as many as in 1961.

In an effort to reach the hard-core unemployed, the Bureau of Indian Affairs has established several residential employment-training centers. Programs initiated under the Economic Opportunity Act are expanding educational, training, and work-training opportunities for Indians. Programs under the Manpower Development and Training Act also have had an impact on training of reservation Indians, for whom a number of specific projects have been designed. The Federal-State Employment Service is also strengthening its services to Indians, as recommended by the first National Conference on Manpower Problems of Indians, held in February 1967.

INFORMATIONAL NEEDS

The attempt to evaluate, either quantitatively or qualitatively, the present situation of minority groups, especially the smaller ones, is beset with difficulties stemming in large part from the lack of comprehensive, current data.

In the past few years, measures of manpower and social trends—population, family composition, health, education, mobility, employment and unemployment, occupations, income, housing, voter registration—have been greatly expanded for all nonwhites as a group and particularly for Negroes. The problems to which these overall measures point warrant much more intensive study, however. The stubborn problem of Negro teenage unemployment is one of these; the reasons for the growing proportion of Negro men neither working nor looking for work is another; the relative lack of mobility toward white-collar jobs and high-level positions within employing firms is a third. The Labor Department has launched a number of studies into these and related Negro problems. Periodic investigation of many of these problem areas is essential to the development of programs and policies designed to correct the social ills involved.

For other minorities, the lack of data is much more pronounced. While the Bureau of Indian Affairs gathers statistics regularly on the Indian and Eskimo populations under its jurisdiction, they differ in concept, scope, and technique from those collected for Americans generally. The Bureau is currently planning to include recent out-migrants from reservations in their statistical surveys so that a more complete appraisal of Indian progress can be made. Information on employment, occupations, and earnings of Indians is in particular need of improvement.

For the Mexican Americans and Puerto Ricans, the absence of data is also striking. The problems involved in obtaining more adequate and current information for these groups deserve intensive exploration.

In depth investigation is needed also to indicate solutions to problems already evident. It is important to find out, for example, why the position of Puerto Ricans in New York shows no visible improvement, despite the slowing down of immigration, and what accounts for the pronounced and continuing educational lag among Mexican Americans.

Manpower Requirements and Resources

In the manpower problem areas so far discussed, the record of the past several years has been one of major achievements but also of continuing grave deficiencies in meeting workers' employment needs. The central aim of manpower policy in all these areas has been to promote the welfare of workers and potential workers, and the progress made in each of them has been and should be assessed primarily from this viewpoint.

The second broad objective of manpower policy—meeting the manpower requirements of our economy and society—has also demanded increased attention and program action. The sustained economic expansion of the past 7 years has generated greatly increased manpower requirements, brought employment to record levels, and sharply reduced the overall rate of unemployment. During the first few years of the expansion, enlarged employment needs could generally be met by hiring unemployed workers. But beginning in late 1965, a tightening of the manpower demand-and-supply situation was reported. The country thus faced a highly paradoxical manpower situation—with skill shortages reported in many occupations and local areas, while large numbers of workers remained idle or underutilized.

As the President said in his *1966 Manpower Report:*

> There is no overall labor shortage. But the unemployed and underemployed are not fully matched with the jobs available.
>
> Specific shortages of labor can slow up the expansion of the economy. They can put pressure on costs and prices.
>
> We are determined to do whatever is necessary to keep the economy expanding and avoid inflationary bottlenecks.

The President then outlined plans to head off manpower shortages through program action. Among the steps he called for was inclusion in the Department's employment reports of "the fullest possible information on existing or threatening labor shortage situations."

The new program for identifying and reporting on labor shortages accordingly undertaken has utilized a variety of statistical indicators, most of them providing indirect rather than direct evidence of the labor supply-and-demand situation. Direct evidence of labor shortages could come from statistics on current job opportunities, but so far such statistics are available only from experimental surveys in a few labor areas. Data on unfilled job openings registered with local Employment Service offices—at present the major source of direct information on skill shortages—give a much better picture of labor needs in some industries and occupations than in others.

Indirect evidence on labor scarcities, however, can be gleaned from several series of economic statistics, including the unemployment rates and hours of work. By itself, no one of these series would be a reliable measure of manpower imbalances. But together, they can provide a composite picture of a tightening or loosening job market and give warning of labor shortages as well as unused manpower resources.

That the current manpower situation reflects mismatches between requirements and supply, rather than any general exhaustion of labor reserves, is underlined by all the available evidence. The extreme type of general labor shortage, involving depletion of labor supply to the point where employment increases are impossible, has occurred only once in this country's recent history—during World War II. The labor shortages of the past several years have been sometimes temporary, sometimes chronic, but always limited to specific occupations, industries, or localities.

Limited labor shortages of these kinds are easiest to define and classify when they can be related to unfilled job openings. However, the concept must be stretched to include also unmet needs for the self-employed (for example, physicians) and positions that have had to be filled with less qualified applicants (as has sometimes happened, for example, in teaching), difficult as the problems of definition become in both situations. One goal in further research on current job opportunities and labor shortages will be to clarify these elusive definitional problems. At the same time, research will be directed toward developing more precise measures of shortages and guiding needed adjustments in both manpower demand and supply.

CURRENT JOB OPPORTUNITIES

Information on current job opportunities is potentially the most effective measure of labor shortages. If detailed and comprehensive data were available on job opportunities, these would constitute sensitive indicators of the changing state of local job markets. Together with unemployment statistics and other data, they could be a powerful aid in detecting occupational and geographic imbalances in manpower demand and supply. Job opportunity statistics could thus help to guide economic policy aimed at minimizing fluctuations in employment. And they could be particularly valuable as a guide in planning manpower programs aimed at more efficient matching of workers and jobs.

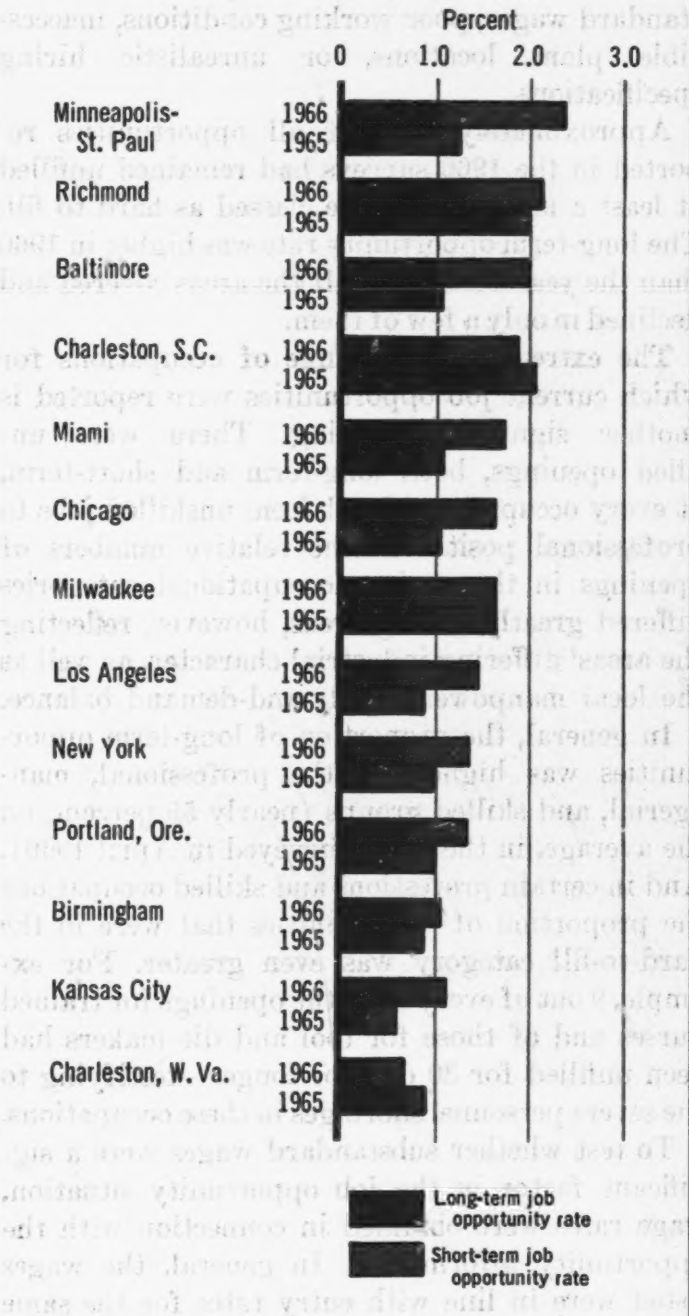
For reasons such as these, the Department of Labor recently intensified its research program to test the feasibility of collecting job opportunity data.[69] Pilot studies have demonstrated that a viable survey yielding reasonably accurate current information could be instituted. The results also reinforce the presumptions just indicated regarding the contributions this information can make in appraising the job market situation and guiding manpower policy and programs.

Before discussing a few key findings of these experimental surveys, a major caution concerning their interpretation is in order. This survey program is so new and the techniques so experimental that it is difficult to distinguish altogether between substantive findings, atypical variation, and sampling error. The results should be regarded not as exact measures but as approximations around which the precise answers would tend to cluster. More definitive conclusions will be possible when the surveys are repeated on a regular basis and the results studied over time in relation to other economic measures.

The job market tightened sharply between 1965 and 1966 in many local areas, according to the Department's surveys. The job opportunity rate (the number of unfilled opportunities as a percent of the total number of filled and unfilled jobs in the area) was found to be higher in April 1966 than the year before in 10 of the 13 areas surveyed in both years. (See chart 15.) In six areas, the rate rose by at least 50 percent, and in three of these by more than 80 percent.

CHART 15

Job opportunity rates rose sharply between April 1965 and April 1966 in most areas surveyed



Source: U.S. Department of Labor.

To explore the reasons for current job opportunities and, in particular, to determine whether a given opening in reality denotes a labor shortage, it is essential to know how long the job has remained unfilled, the nature and size of the occupation, the seasonal pattern of employment, the turnover rate, wages, and other factors affecting both labor demand and labor supply. Even in periods of business recession, job opportunities occur frequently as people change jobs or leave the work force and employers seek new workers to replace those who leave. If the openings are filled quickly, they cannot be interpreted as indicative of labor shortages. But when openings are of long duration and hence in the "hard-to-fill" category, they are likely to reflect either a lack of workers with the required skills or such problems as substandard wages, poor working conditions, inaccessible plant locations, or unrealistic hiring specifications.

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[69] For a further discussion of the need for a count of job vacancies and recommendations for a research program on this subject, see *Measuring Employment and Unemployment* (Washington: President's Committee to Appraise Employment and Unemployment Statistics, 1962), pp. 199–202.

Approximately half of all opportunities reported in the 1966 surveys had remained unfilled at least a month and were classed as hard to fill. The long-term opportunity rate was higher in 1966 than the year before in half the areas covered and declined in only a few of them.

The extremely wide range of occupations for which current job opportunities were reported is another significant finding. There were unfilled openings, both long-term and short-term, at every occupational level from unskilled jobs to professional positions. The relative numbers of openings in the various occupational categories differed greatly among areas, however, reflecting the areas' differing industrial character, as well as the local manpower supply-and-demand balance.

In general, the proportion of long-term opportunities was highest in the professional, managerial, and skilled groups (nearly 55 percent, on the average, in the areas surveyed in April 1966). And in certain professions and skilled occupations the proportion of opportunities that were in the hard-to-fill category was even greater. For example, 9 out of every 10 of the openings for trained nurses and of those for tool and die makers had been unfilled for 30 days or longer—testifying to the severe personnel shortages in these occupations.

To test whether substandard wages were a significant factor in the job opportunity situation, wage rates were obtained in connection with the opportunity information. In general, the wages listed were in line with entry rates for the same occupations, as determined from local Employment Service records. But a sizable minority of the opportunities (about 15 to 20 percent, according to very limited data from the 1966 surveys) offered wages below the usual entry rates.

Information about the proportion of hard-to-fill job opportunities traceable to these substandard wage offers and the occupations in which they were concentrated has not been provided by the initial surveys. Since this information is basic to the interpretation of job opportunity data and to an understanding of labor shortage problems, they are among the items that need to be explored in depth in further job opportunity research.

OTHER JOB MARKET INDICATORS

The tightening of the manpower supply-and-demand situation in 1965–66 extended beyond the areas covered by the vacancy surveys to the economy generally. This is made plain by the numbers of unfilled job openings listed with Employment Service offices throughout the country, the average weekly hours and quit rates of factory workers, and the national unemployment rate. (See chart 16.) These indicators also show easing of the job market during early 1967 (as discussed in detail in the chapter on Trends in Employment and Unemployment). But they give mutually confirming evidence that manpower demand at the end of 1967 was still much above the levels of the early 1960's—and labor scarcities are likely to be a continuing problem in a good many occupations and local areas.

Employment Service Unfilled Openings

In the absence of up-to-date, nationwide statistics on current job opportunities, the unfilled job openings on file with public Employment Service offices are the best available direct measure of manpower demand and supply. Only about a third of all job opportunities are listed with the Employment Service, however. And some industries and occupational groups—many of the professions, for example—make little if any use of public employment offices. Nevertheless, major changes in the numbers or types of openings listed with local offices often provide clues to overall shifts in demand for workers.

An increase of over 50 percent in unfilled job openings listed with the Employment Service took place between June 1965 and April 1966, testifying to the growing job market stringency. (See chart 16.) The rise in unfilled openings during these 10 months (from 280,000 to 430,000, according to seasonally adjusted data) was greater than had occurred during all the previous 4 years of steady economic expansion.

The decline in unfilled openings after September 1966 was an equally clear signal of a loosening job market in many sections of the country. But in most months of 1967 the number of unfilled job openings on file at local offices exceeded all records for the same month for years prior to 1966, indicating continued demand for qualified workers in a wide range of occupations.

The scarcity of professional, technical, and managerial personnel is reflected in the high proportion of job openings in these occupations that have remained unfilled as long as 30 days or more. There was some easing of shortage problems even in professional and related occupations during 1967, but the great majority of job openings in these occupations remained in the hard-to-fill category, as shown by the following figures for 77 major metropolitan areas:

Percent of Employment Service job openings unfilled 30 days or longer

Date	*All occupations*	*Professional, technical, and managerial*
1966: January 1	49	66
April 1	45	74
July 1	56	81
December 1	57	74
1967: March 1	49	66
June 1	45	71
December 1	49	72

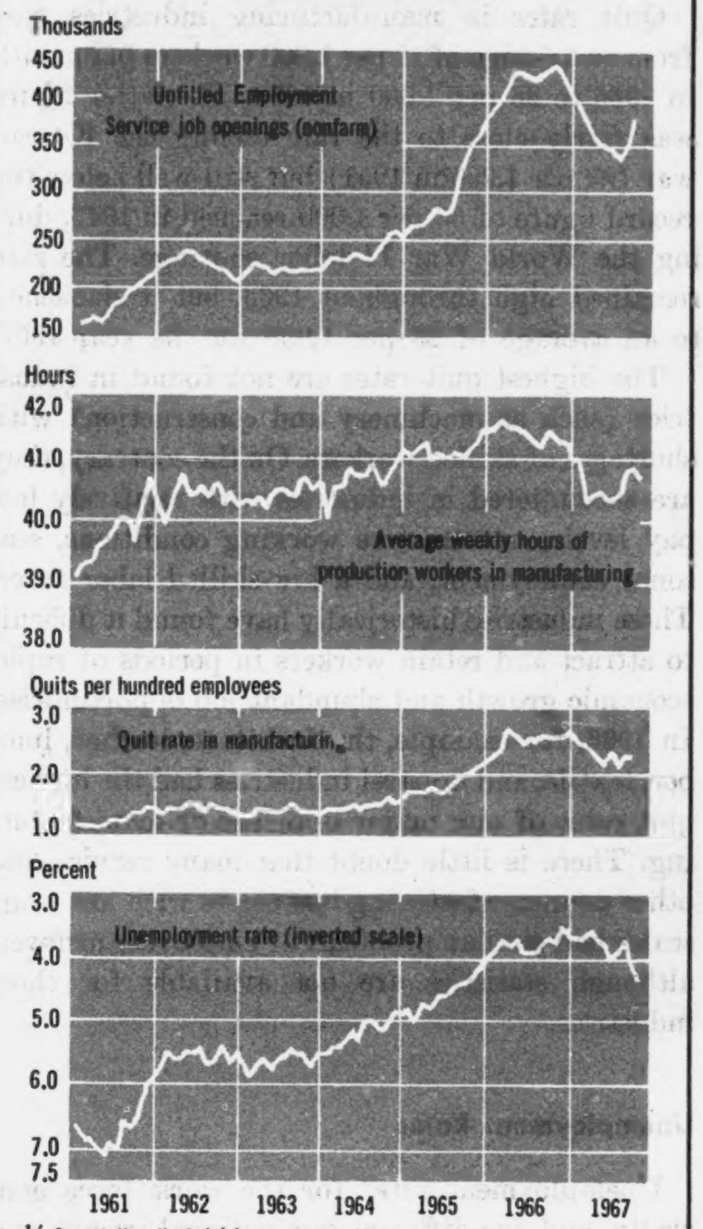
Hours of Work

Changes in hours of work are one of the most sensitive, early indicators of changing labor demand. Under certain circumstances, increases in working hours also can be a signal of emerging labor shortages.

When experienced workers are not available, employers often respond to an increase in product demand by lengthening hours of work. And conversely, when demand is slack, they generally reduce working hours before laying off workers. This practice has been accentuated in recent years by the rising costs of hiring and training new workers, the expansion of severance pay and other fringe benefit provisions, and the consequent importance of holding down employee turnover rates. Some industries, such as automobile manufacturing, regularly schedule large amounts of overtime to meet peak production demands.

CHART 16

Important job market indicators 1/ show similar trends.



1/ Seasonally adjusted data.
Source: U.S. Department of Labor.

During the most recent period of intense demand for labor, in 1965 and early 1966, average hours worked rose sharply (though not nearly to the level reached during World War II, when the average factory workweek exceeded 45 hours for many months). In early 1966, working time in manufacturing reached a postwar high of 41½ hours per week. Then, after midyear, hours of work edged downward irregularly. In early 1967, with the easing of demand and of labor shortage problems, average hours fell to less than 40½ per week, but turned upward after mid-year.

Quit Rates

The proportion of workers quitting their jobs provides still another test of the job market. Traditionally, quit rates have risen when employment opportunities are improving. They have traditionally fallen when new positions are hard to find and workers are therefore less likely to quit.

Quit rates in manufacturing industries rose from an average of 19 per 1,000 workers per month in 1965 to 26 per 1,000 in 1966. The latter figure was fairly close to the rate during the Korean war (29 per 1,000 in 1951) but still well below the record figure of 63 per 1,000 reached in 1943, during the World War II labor shortage. The rate remained high throughout 1966, but it slackened to an average of 23 per 1,000 for the year 1967.

The highest quit rates are not found in industries (such as machinery and construction) with shortages of skilled workers. On the contrary, they are encountered in industries with relatively low pay levels, unattractive working conditions, seasonal employment, and a low-skilled labor force. These industries historically have found it difficult to attract and retain workers in periods of rapid economic growth and abundant job opportunities. In 1966, for example, the furniture, leather, lumber, textile, and apparel industries had the highest quit rates of any major branches of manufacturing. There is little doubt that many service and other nonmanufacturing businesses with low wage scales had similar problems of employee turnover, although statistics are not available for these industries.

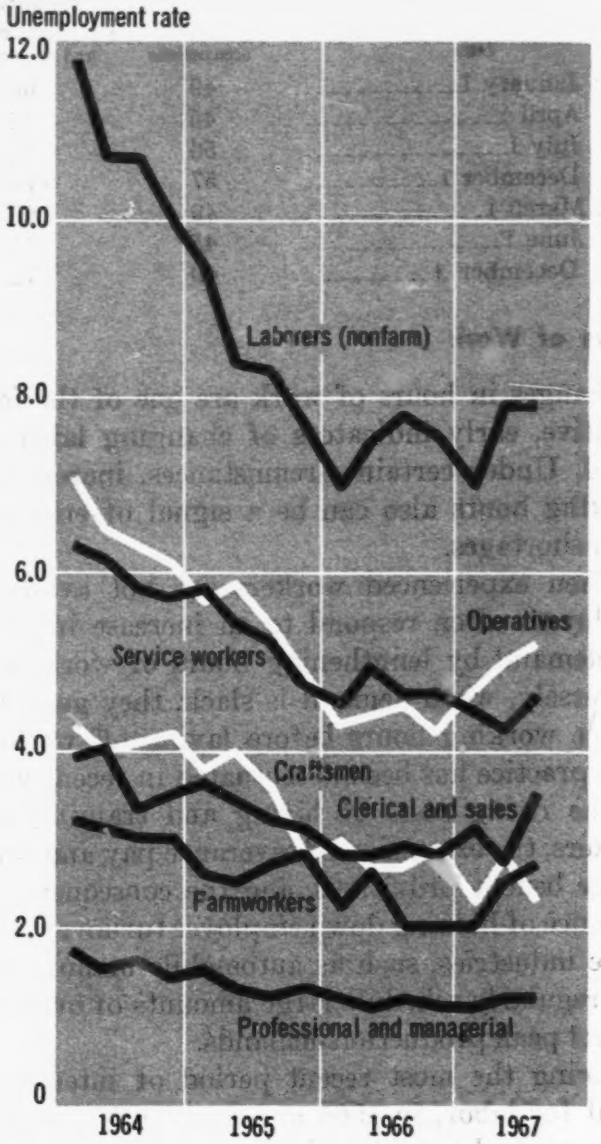
Unemployment Rates

Unemployment rates for the work force generally, and for different occupational groups and geographic areas, add another dimension of insight into the labor demand-and-supply situation. During the past 3 years, the changes in unemployment rates have confirmed the evidence of other job market indicators as to the tightening and then loosening job market.

That no general shortage of labor has occurred during the economic upturn of the past 7 years is substantiated by the unemployment rates, as well as much other evidence. The lowest figure to which the national unemployment rate dropped during any quarter in this period was 3.7 percent (in the last quarter of 1966 and the first of 1967, on a seasonally adjusted basis). Compared with the average unemployment rate of 4.5 percent in 1965 and of over 5 percent in preceding years, this figure represented a great gain. But even with unemployment down to 3.7 percent of the total work force, the rate of joblessness remained very high among specific groups of workers (youth, nonwhites, the unskilled) and in particular local areas. And the national average rate was still well above the frictional minimum associated with nor-

CHART 17

Unemployment rates are lowest for professional and managerial workers–highest for nonfarm laborers.



Note: Quarterly averages, seasonally adjusted.
Source: U.S. Department of Labor.

mal labor turnover and seasonal fluctuations in employment.[70]

This country has continued to have large numbers of unutilized workers. But manifold and difficult problems of mismatching of workers and jobs will have to be overcome, before these potential manpower reserves can be fully utilized, as is suggested by the differential rates of unemployment in different occupations and local areas.

In professional, technical, and managerial occupations, the rate of unemployment has been about 1.2 percent for the past 2½ years. (See chart 17.) This low level of unemployment is undoubted evidence of widespread personnel shortages in many professional and related occupations.

The unemployment rates for craftsmen and for clerical workers have also been relatively low (under 3 percent in most months of 1966 and 1967). For operatives and service workers, they have been much higher, however. And nonfarm laborers have had far the highest unemployment rates of all (7 percent or higher even in 1966, and close to 8 percent in mid-1967). The fact that lack of skill debars many workers from qualifying for the available jobs is all too apparent.

Wide differences in unemployment rates exist also among local labor areas—pointing to serious geographic mismatching of workers and jobs. Many local areas have had very low unemployment rates at the same time that others had surplus labor. (See table 20.)

The number of areas with high levels of unemployment has decreased sharply over the past 3 years. Nevertheless, 9 of the 150 major labor areas had substantial unemployment throughout 1967, and nearly 500 smaller areas were classified as having substantial or persistent unemployment at the end of the year.

Even within local areas there are manpower imbalances to which the area unemployment data provide no clue. Occupational mismatching of workers and jobs has plagued many communities, as well as the country generally (according to reports from local employment offices and other sources). Furthermore, in many large metropolitan areas, residents of central city ghettos are isolated from the general job market and unable to take advantage of expanding job opportunities in the suburbs.[71]

TABLE 20. UNEMPLOYMENT CLASSIFICATIONS OF 150 MAJOR LABOR AREAS, QUARTERLY AVERAGES, 1965–67[1]

Period	Number of areas with—		
	Low unemployment	Moderate unemployment	Substantial unemployment
1965			
1st quarter	23	98	29
2nd quarter	33	94	23
3rd quarter	46	85	19
4th quarter	48	83	19
1966			
1st quarter	53	80	17
2nd quarter	59	78	13
3rd quarter	58	83	9
4th quarter	65	77	8
1967			
1st quarter	60	81	9
2nd quarter	59	82	9
3rd quarter	56	85	9
4th quarter	52	89	9

[1] Areas are classified as having low unemployment when the unemployment rate is 1.5 to 2.9 percent; as moderate when it is 3.0 to 5.9 percent; and as substantial when the rate is generally 6 percent or more. See "Explanation of Area Classifications" in *Area Trends in Employment and Unemployment* (Washington: U.S. Department of Labor, Manpower Administration), any recent issue.

INFORMATIONAL NEEDS

This brief review of the statistical evidence regarded as the most effective now available for assessing the manpower supply-and-demand situation makes two things clear. It is possible to draw well-confirmed conclusions about the overall tightness of the job market and the changing extent of labor shortages from these statistics, and to obtain some insights into the most critical problems. But it is usually impossible, on the basis of present information, to pinpoint and measure labor shortages in particular local areas or particular occupations. The planning of training programs and other measures to relieve manpower imbalances is thus greatly hampered.

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[70] According to a recent estimate, a minimum level below which unemployment could probably not be reduced (except under conditions of full mobilization) might be reached in the range of a 2- to 2.5-percent overall unemployment rate. See Arthur M. Ross, "Techniques for Identifying Labour Shortages and Illustrations of Techniques for Meeting Short-Run and Seasonal Labour Shortages," paper presented at International Conference on Employment Stabilization in a Growth Economy at Munich, October 1967 (Paris: Organisation for Economic Co-operation and Development), p. 8.

[71] For a discussion of this problem, see the chapter on Geographic Factors in Employment and Manpower Development.

If up-to-date information on job opportunities were available for different labor areas, this would help greatly in improving the efficiency of job market operations and in making manpower programs more effective at the community level, where they are actually implemented. Much progress on the difficult problems of definition and interpretation involved in job opportunity data has already been made through the Department of Labor's experimental surveys, and experience with more extensive surveys should lead to further refinements and improvements, like those made over many years in the unemployment statistics.

Efforts to solve labor shortages cannot stop with *ex post facto* evaluation and action, however. "The time to deal with manpower shortages is before they develop," as the President said in his *1966 Manpower Report*.

An awareness of the importance of planning ahead has brought about increased activity in manpower forecasting. The projections of manpower requirements and supply developed by the Department of Labor have been extended to several hundred occupations and industries [72] from a much smaller number a few years ago. Special studies of prospective manpower needs and the increase in training rates required to meet them also have been made in the health occupations [73] and a few other important fields known to have severe recruitment problems. This research needs to be expanded and further refined, and the results must be widely applied in the planning of professional, technical, and vocational education and on-the-job training.

The development of current employment statistics by occupation is another area where further progress is needed. Such statistics are not now available in the detail essential to establish a sound factual basis for projecting manpower requirements or for dealing with many manpower problems. Current information on the numbers employed in different occupations is also required to indicate the changing supply of manpower in key occupations and as a base line for determining the significance of data on job opportunities.

Employment data are available annually for engineering, scientific, and technical occupations and a few others, based on industry surveys. And the Department of Labor has begun a program aimed at collection of more comprehensive occupational employment data on a regular basis. This program needs to be improved upon and greatly expanded, to cover all significant occupations.

Another great gap in the arsenal of manpower information relates to private industry training programs and their contributions to meeting skill requirements. The Department of Labor is developing a new survey of formal training programs in industry, which is scheduled to be launched during 1968. But this will not cover the vast and difficult area of informal training, through which most workers acquire their occupational skills (according to a limited 1962 survey, which is still the major source of information on the subject).

A Task Force on Occupational Training has been established by the Secretary of Labor and the Secretary of Commerce. As directed by the President in his *1967 Manpower Report*, this task force "... will survey training programs operated by private industry, and will recommend ways that the Federal Government can promote and assist private training programs."

While focusing on the measures needed to strengthen occupational training, the task force will also direct its attention to the gaps in information as to how workers have acquired and should acquire their skills. This country will face an enormous training task in the next several years to meet the demand for craftsmen and other highly trained workers indicated by the Department's projections of manpower requirements. A comprehensive system of reporting on occupational training would aid greatly in appraising achievements and needs and in coordinating Federal training programs with private industry's much larger training activities.

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[72] These projections will be presented in "Tomorrow's Manpower Needs—National Manpower Projections and a Guide to Their Use as a Tool in Developing State and Area Manpower Projections," to be published by the U.S. Department of Labor, Bureau of Labor Statistics, in 1968.

[73] See *Health Manpower, 1966–75—A Study of Requirements and Supply* (Washington: U.S. Department of Labor, Bureau of Labor Statistics, June 1967), Report No. 323.

Toward the Development of Manpower Indicators

How far have we come in this exploratory effort toward improved quantitative assessment of manpower problems and progress? In all the problem areas considered, some approach to quantification of recent gains and continuing deficiencies—to identification and measurement of the most urgent current problems—has been possible. In a few areas, fairly sophisticated indicators are at hand. But in others, all that is now available are limited and often fragmentary statistical indications—rather than indicators, in any formal sense of the term—of where we stand and the direction in which we are moving in relation to desired objectives. In some important areas, work has scarcely begun.

The development of a comprehensive set of manpower measures or indicators will depend on progress in filling the data gaps pointed out in all sections of the chapter. This is no small assignment. In measuring manpower problems, overall national estimates can be as inadequate as fragmentary data for particular groups. In every area of worker well-being, it is essential to avoid broad generalizations that can mask crucial differences, for example, between Negroes and whites, slum dwellers and suburbanites, men and women, youth and adults. And assessments of labor shortages and manpower requirements have little meaning unless focused on particular occupations, industries, and local areas.

Manpower indicators must not be limited to portraying what is happening to the work force generally or the Nation as a whole. They must be available for the kinds of population subgroups just suggested, and also for individual cities and even large slum neighborhoods. To a steadily increasing extent, manpower program decisions are being made at the level of the city and the neighborhood. And new ventures to improve the well-being of workers and their families are likely to depend heavily on the ability of local people to formulate plans of implementation. If this is to be done effectively, measures of progress toward objectives must be available for the geographic unit where responsibility for progress is lodged, and where the means are available for taking corrective steps when a reading of the indicators suggests that this is necessary.

Intelligent action at the national level also requires geographic and other detail in indicators. Resources need to be concentrated where the problems are concentrated, so that greater evenness of opportunity can be achieved among cities and regions. Urgent problems need to be spotted where and when they occur, so that they can be contained. And as already suggested, developments affecting even a major segment of society may be lost in figures for the Nation as a whole.

Progress toward a system of manpower indicators is rendered the more difficult by this need for detailed measures for population subgroups and local areas, as well as for the country generally. It is complicated even more by the wide range of problem areas that must be taken into account. But the development of a set of indicators is, nevertheless, to be sought as a long-term goal.

What is encompassed in looking ahead toward manpower indicators is the need for systematic measurement over time—for a comprehensive, continuing, and yet dynamic set of measures, which will make possible analysis of trends and changes over the years in all major manpower problem areas and also of the interrelationships among these areas and of their relationships to other economic and social developments.

INDICATORS OF EMERGING PROBLEMS

The completion of a detailed set of descriptive indicators in all areas touched on in this chapter would be only one step—however long and still far from accomplishment—in the creation of measures to aid in the attainment of manpower objectives. Despite all the inherent difficulties and hazards of looking ahead at events to come, it should be possible, within a limited area, to pinpoint difficult problems as they emerge and even to achieve some forewarning of them from knowledge of how events affect one another. If the antecedents of a problem can be identified, this can help in anticipating the problem itself.

To some extent, this approach has already been used. From the postwar upsurge in birth rates, for example, fairly exact predictions were made of the impending rise in school enrollments and in the numbers of teachers and classrooms that would be needed. Population figures, by age group, and data on rising standards of medical care have been used to predict the growing demand for medical and nursing personnel. Rising agricultural productivity—owing to the introduction of the cottonpicking machine and the manifold other advances in farm technology—led to predictions of continued displacement of farmworkers. The consequences of their displacement in terms of increased overcrowding and poverty in city slums were also foreseen by a few analysts, although not widely recognized.

A few illustrative suggestions follow as to the kinds of innovative indexes that might, with careful analysis, give warning of impending problems or of a worsening or improvement in existing ones:

—*People reaching 45 years of age in jobs that are disappearing.* It is known that once displaced, older workers have great difficulty becoming reemployed, especially if they are trained in an obsolescent occupation and have limited education. If the indicator shows a bunching of people in this situation, special retraining programs and other measures could be undertaken in advance to protect them against prolonged unemployment.

—*The skill requirement of jobs.* If an indicator were available that measured the real skill requirements of jobs, rather than merely formal hiring standards, training programs could be planned more efficiently. Such an indicator would be particularly helpful in foreseeing the problems facing young workers, especially school dropouts, and in efforts to develop job opportunities for the disadvantaged.

—*The minimum age at which employers hire.* Practically nothing is known about the minimum ages employers specify in hiring and the relation these may have to the high rates of youth unemployment. If an indicator shows that the customary minimum age is being advanced, trouble can be expected as school leavers find they are not old enough to enter employment. Special efforts to encourage modifications of employers' minimum-age specifications or, failing that, special transitional arrangements might be called for, to bridge the gap between school and work for many youth.

—*Trends in the educational achievement of slum youth.* If such an indicator shows a deterioration in the educational achievement of youth going to slum schools, an increase in the employment problems of these youth can be expected. To prevent this, it might be necessary to find new avenues to remedial education and also to intensify efforts to improve the quality of slum schools.

—*Satisfaction of slum residents with their jobs.* An indicator showing a sharp decrease in job satisfaction in the slums might be viewed with concern as a predictor of intensifying unrest.

The most disadvantaged groups in our society—for example, ex-prisoners and the physically and mentally handicapped—are lost sight of altogether in present economic and social statistics. And information for the smaller, also highly disadvantaged, ethnic minority groups—Mexican Americans, Puerto Ricans, American Indians—is extremely inadequate (as emphasized earlier in this chapter). For each of these groups, indicators should be developed showing the relative differences between them and the population generally in unemployment, labor force participation, occupations, earnings, and educational attainment. These indicators would show from year to year whether and where the gaps between these groups and the population norms are widening or narrowing and would thus help greatly to stimulate and guide program action.

The existence of opportunities for meaningful participation in activities other than paid employment is another area where possible indicators might be explored. The increase in leisure time, the lengthening of the average lifespan, and the trend toward earlier retirement all point to the importance, both for the individual and for society, of widening opportunities for service on a nonpaid basis. A recent survey of volunteer work provides some summary data on this subject.[74] But no measures are yet available of the contribution volunteers are making in meeting social needs, nor of the potentials for further service in this area, nor of the numbers of people in different life situations who might welcome such opportunities for social involvement.

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[74] "A Survey of Volunteer Work, 1965," to be published by the U.S. Department of Labor in 1968.

RELATIONSHIPS WITH OTHER AREAS OF SOCIAL CONCERN

If indicators were available for all areas of social concern—not only manpower but also education, health, family stability, crime, and so forth—it should become possible to trace an interconnected series of happenings throughout the fabric of society. This kind of analysis would not only throw light on the interrelationships between different social problems but also aid in identifying critical points of intervention, where remedial action might be most effective.

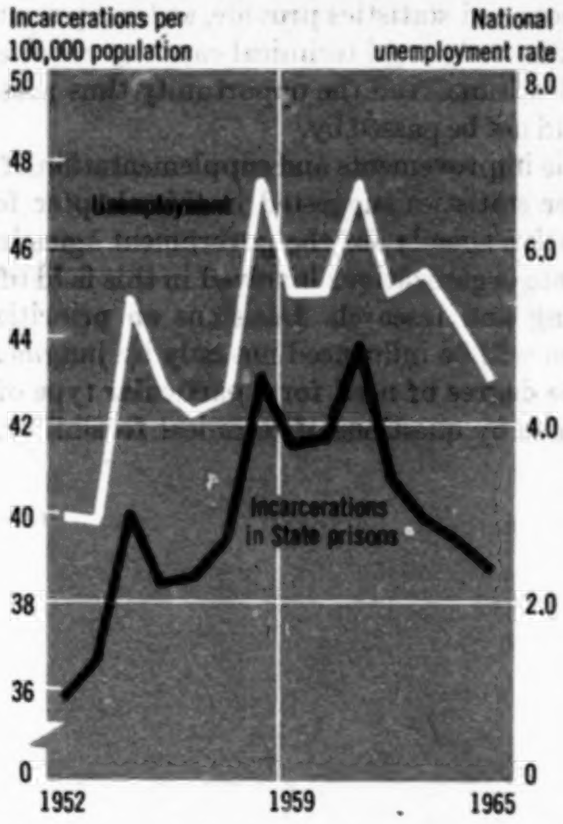
The relationship between unemployment and family stability described in the Department of Labor publication, *The Negro Family, The Case for National Action*, provides one example of the value of considering manpower and other social data together. In that study it was found that as unemployment increases, family separation rates also increase; and when unemployment recedes, so do separations. While such a statistical relationship leaves the dynamics of the situation unexplained, it gives reason for some optimism that the provision of jobs could be a major factor in enabling families to stay together.

For further illustration, the rate at which people are incarcerated in State prisons is compared with the national unemployment rate in chart 18. It can be seen that the two indicators have almost identical movements.[75]

Almost as impressive a relationship was obtained in a study comparing changes in the rate of unemployment and the suicide rate for 45- to 54-year-old males over a 30-year period.[76] With each upward or downward movement of the unemployment percentage, the suicide rate changed with remarkable similarity. Finally, an only recently reported study of the epidemiology of mental illness established a close correlation between unemployment levels in the State of New York and the rate of admissions to mental hospitals.[77]

CHART 18

State prison incarcerations and national unemployment rates have parallel trends.



Source: U.S. Department of Labor. Data on incarcerations from U.S. Department of Justice.

When relationships such as these are found by placing indicators side by side, intensive investigation is warranted to uncover the nature of the relationship. For example, if the availability of jobs should turn out to be a critical factor in yearly variations in the felony rate, this would be a finding warranting wide attention.

The availability of carefully constructed indicators in various social areas, which are now being developed under the leadership of the Department of Health, Education, and Welfare, should aid greatly in uncovering such basic relationships.

CONCLUSION

Despite all the informational gaps and data needs that have been pointed out, the statistics now available in this country are probably more sophisticated and also more comprehensive than those of any other nation. However, many of our present statistical series were developed because a pressing problem had overtaken the country.

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[75] Many problems exist in trying to construct a satisfactory index of crime. The one used here relates only to persons tried, found guilty, and turned over to State prisons. Many crimes are not reported; others are not solved; and still others result in confinement in penal institutions other than State prisons.

[76] Brian MacMahon, Samuel Johnson, and Thomas Pugh, "Relation of Suicide Rates to Social Conditions," *Public Health Reports*, April 1963, pp. 285–293.

[77] M. Harvey Brenner, "Economic Change and Mental Hospitalization: New York State, 1910–1960," *Social Psychiatry*, December 1967, pp. 180–188.

The measurement of manpower trends must not only keep pace with the development of problems; it should precede them, so that they can be anticipated and prepared for. Advances in the social sciences and statistics provide, at least potentially, the knowledge and technical capacity required for this leadtime. And the opportunity thus presented should not be passed by.

The improvements and supplementation of manpower statistics suggested in this chapter form a tentative agenda for the government agencies and private organizations involved in this field of fact-finding and research. Decisions on priorities for action will be influenced not only by judgments as to the degree of need for a particular type of data but also by questions of technical feasibility, relative costs, and budgetary resources. The Department of Labor, working through internal and external research committees, will take the lead in determining priorities among these informational needs, in formulating plans to meet them, and in actually developing new and improved manpower indicators. It is hoped that, at the same time, private researchers and research organizations will make large contributions in many areas.

Progress toward the development of manpower indicators will require not merely data gathering but also extensive research on conceptual and technical problems and on the interpretation and refinement of the indicators developed. To test the validity and utility of existing measures, to evolve more effective ones, and to identify areas where new measures are needed will be continuing research challenges if a system of manpower indicators is to become a fruitful reality.